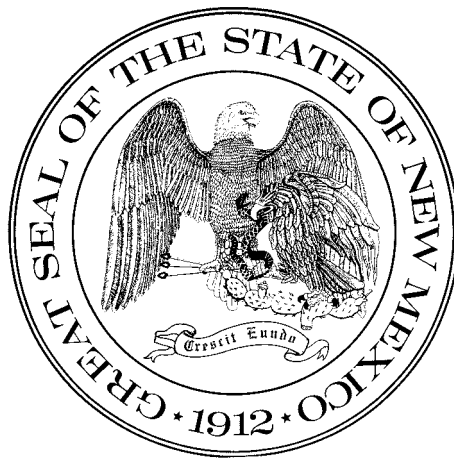


**NEW MEXICO
FINANCE AUTHORITY
OVERSIGHT COMMITTEE**

FINAL REPORT



**REPORT TO THE
FORTY-SEVENTH LEGISLATURE
SECOND SESSION**

New Mexico Legislative Council Service
Santa Fe, New Mexico
December 2006

Table of Contents

1. Approved Work Plan and Meeting Schedule
2. Background and Summary of New Mexico Finance Authority Oversight Committee's Work and Legislation
3. Agendas for all Committee Meetings
 - April 19
 - June 19
 - July 10-11
 - August 28-29
 - September 19-20
 - October 4-6
 - November 28
4. Minutes for all Committee Meetings
 - April 19
 - June 19
 - July 10-11
 - August 28-29
 - September 19-20
 - October 4-6
 - November 28
5. Committee Endorsed Bills

2006 APPROVED
WORK PLAN AND MEETING SCHEDULE
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

Members

Sen. Mary Kay Papen, Chair
Rep. Daniel P. Silva, Vice Chair
Sen. Joseph J. Carraro
Rep. Daniel R. Foley
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom
Rep. Jane E. Powdrell-Culbert

Sen. Lidio G. Rainaldi
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil

Advisory Members

Sen. Vernon D. Asbill
Rep. Hector H. Balderas
Rep. Jose A. Campos
Sen. Pete Campos
Rep. Ernest H. Chavez
Sen. Kent L. Cravens
Rep. Anna M. Crook
Sen. Dianna J. Duran
Sen. Joseph A. Fidel
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia

Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Richard C. Martinez
Sen. Steven P. Neville
Sen. Leonard Lee Rawson
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela

The New Mexico finance authority (NMFA) oversight committee was created with the enactment of New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31 NMSA 1978, to oversee the operations of the finance authority. In addition, the legislature assigned oversight of the border authority and implementation of the Border Development Act, Sections 58-27-1 through 58-27-26 NMSA 1978, to the committee.

The committee is statutorily required to monitor and oversee the operations of the two authorities; monitor and oversee state and local government capital planning and financing; provide advice and assistance to the authorities and cooperate with state and local governments on planning and setting priorities for and financing of state, local, border and port-of-entry capital projects; review and approve rules proposed by the authorities; and report its recommendations and legislation to the governor and legislature on or before December 15 of each year.

To carry out these tasks and statutory duties during the 2006 legislative interim, the NMFA oversight committee shall:

- (1) monitor and oversee the operations of the NMFA and the border authority;

- (2) review and vote on any rules proposed by the authorities;
- (3) take testimony from state and local officials on capital needs;
- (4) review NMFA's financing programs to clarify the differences among the programs to assist legislators and applicants;
- (5) receive progress reports on capital projects funded through the NMFA to ensure that projects are proceeding in a timely manner;
- (6) receive testimony on the various financing mechanisms for funding capital projects through the NMFA, with a focus on water projects and behavioral health financing;
- (7) assess infrastructure developments and water and wastewater needs in the border region and hear testimony on the border economy and border security, including utilization of the New Mexico national guard;
- (8) receive updates from the NMFA on the results of legislation passed in the 2006 session that expanded NMFA's powers, specifically:
 - a) changes made to the Statewide Economic Development Finance Act to allow NMFA's participation in the federal new market tax credit program; and
 - b) changes made to NMFA's enabling legislation related to the public project revolving fund;
- (9) hear testimony and make recommendations on loans or grants from the water project fund for interstate water projects that benefit New Mexico;
- (10) take testimony on GRIP 1 and 2 financing, project development and bonding;
- (11) investigate the availability of federal funding and programs for local government infrastructure needs and how to maximize this federal funding;
- (12) evaluate use of funds from the Indian Reservation Roads Program as a revenue stream for bonding for road construction on the Navajo reservation; and
- (13) recommend necessary changes in law or policy to the legislature.

APPROVED MEETING SCHEDULE

<u>Date</u>	<u>Location</u>
June 19	Santa Fe
July 10-11	Farmington/Jicarilla
August 28-29	Ruidoso
September 19-20	Albuquerque/environs
October 4-6	Las Cruces/Deming
November 27-28	Santa Fe

Summary of the New Mexico Finance Authority Oversight Committee's Interim Work

The committee carried out its statutory duties to monitor and oversee the operation of the New Mexico finance authority (NMFA), to monitor the public project financing program and to oversee and monitor state and local government capital planning and financing. Toward that end, the committee convened on seven occasions in diverse areas of the state to take testimony from state and local officials on state and local capital needs. The committee met in Santa Fe, Farmington, Dulce, Ruidoso, Albuquerque, Las Cruces, Columbus and Deming, and received progress reports on and toured projects funded through the NMFA, including the Rail Runner project, the San Juan-Chama project water plant, new construction at the university of New Mexico hospital and the Coors/I-40 interchange. The committee toured a number of colonias in southern New Mexico to evaluate capital needs in those areas. The committee received updates on GRIP projects and on the spaceport.

The committee also carried out its statutory duties to monitor and oversee the operation of the border authority, hearing testimony regarding economic development of the border region and border security issues. The committee toured the border area to see infrastructure developments firsthand at the ports of entry and heard testimony from local government officials regarding the increased burden on local governments caused by immigration.

The committee heard extensive testimony regarding water and wastewater issues, regionalization of water systems and financing of water systems.

The committee received testimony regarding state and NMFA financing programs, including the public project revolving fund, the SMART money initiative and the local transportation infrastructure fund, the new markets tax credit program and tax increment financing. The committee also examined the organizational structure and operations budget of

the NMFA.

Legislation Endorsed by the New Mexico Finance Authority Oversight Committee

The committee endorsed the following bills at its final meeting:

- * an authorization bill for the public project revolving fund, identifying projects to be funded;
- * an authorization bill for the economic development revolving fund, identifying projects to be funded;
- * an appropriation of \$30 million to the economic development revolving fund;
- * an appropriation of \$4 million for drinking water system financing;
- * an authorization bill for the water project fund, identifying projects to be funded;
- * a joint memorial asking the federal government for greater funding to assist New Mexico with the disproportionate cost of handling border-related issues;
- * a bill amending the New Mexico Finance Authority Act to add a requirement for legislative approval of local transportation infrastructure fund projects; and
- * a gross receipts tax deduction for special events at New Mexico state university.

Agendas

**TENTATIVE AGENDA
for the
FIRST MEETING
of the
NEW MEXICO FINANCE AUTHORITY (NMFA) OVERSIGHT COMMITTEE**

**April 19, 2006
Room 307, State Capitol
Santa Fe**

Wednesday, April 19

10:00 a.m. Call to Order

- Representative Daniel P. Silva, Chair
- Senator Mary Kay Papen, Vice Chair

**10:10 a.m. Rules Governing the Local Transportation Infrastructure Fund Program:
Overview and Vote on Approval**

- Bill Sisneros, Executive Director, and Mark Valenzuela, Director of
Intergovernmental Relations, NMFA
- Department of Transportation Representative

12:00 noon Adjourn

Revised: June 15, 2006

**TENTATIVE AGENDA
for the
SECOND MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**June 19, 2006
Room 307, State Capitol
Santa Fe**

Monday, June 19

10:00 a.m. Call to Order

- Senator Mary Kay Papen, Chair
- Representative Daniel P. Silva, Vice Chair

10:10 a.m. Review and Discussion of Local Transportation Infrastructure Fund Rules

- Marquita Russel, Chief of Programs, NMFA

12:00 noon Lunch

1:30 p.m. Overview of Year's Highlights from the Border Authority and NMFA

- Jaime Campos, Executive Director, Border Authority
- Bill Sisneros, Executive Director, NMFA

**2:00 p.m. Review and Discussion of Work Plan, Meeting Dates and Locations
for 2006 Interim**

- Senator Mary Kay Papen, Chair
- Representative Daniel P. Silva, Vice Chair

3:30 p.m. Adjournment

Revised: July 6, 2006

TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE
July 10, 2006
Henderson Fine Arts Center
San Juan College
Farmington

July 11, 2006
Community Room
Jicarilla Supermarket
Dulce

Monday, July 10

9:00 a.m. **Welcome**

- Dr. Carol Spencer, President, San Juan College
- Mayor William Standley, City of Farmington

Overview of Local Capital Projects and Capital Needs

- Representatives from Local Governments

10:00 a.m. **Legislative Update**

- Mark Valenzuela, Director, Intergovernmental Relations, New Mexico Finance Authority (NMFA)

10:45 a.m. **NMFA Report**

- William Sisneros, CEO, NMFA

12:00 noon **Lunch**

1:30 p.m. **Presentation on NMFA Programs**

- William Sisneros, NMFA
- Mark Valenzuela, NMFA

3:00 p.m. **Update on GRIP Projects**

- Rhonda Faught, Secretary, Department of Transportation
- Mark Valenzuela, NMFA

4:00 p.m. **Subcommittee on Local Transportation Infrastructure Fund Rules**

- Mark Valenzuela, NMFA

4:30 p.m. **Other Business**

Tuesday, July 11

9:30 a.m. **Welcome and Overview of Capital Projects and Capital Needs**

—Levi Pasata, President, Jicarilla Apache Nation

—Mayor Archie Vigil, Village of Chama

10:00 a.m. **Tour of Jicarilla Facilities**

—Water/Wastewater Treatment Plant

—Mundo Ranch Housing Project

—Azotea Tunnel, San Juan-Chama Project

12:00 noon **Lunch in Chama**

—Hosted by Jicarilla Apache Nation

1:30 p.m. **Adjourn**

Revised: August 25, 2006

**TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**August 28-29, 2006
Inn of the Mountain Gods
287 Carrizo Canyon Road
Mescalero**

Monday, August 28

9:30 a.m. **Call to Order and Welcome**

Overview of Local Capital Projects and Capital Needs

- Mayor Bob Miller and Mayor Pro tem Sue Garrett, City of Ruidoso Downs
- Mayor Donald E. Carroll, City of Alamogordo
- Mayor Sammy L. Hammons, Village of Capitan
- Mayor Ray S. Cordova, Village of Tularosa
- Mr. Michael Nivison, Administrator, Village of Cloudcroft
- Ms. Lorri McKnight, Manager/Treasurer, Village of Ruidoso

11:00 a.m. **Tax Increment Financing — A New Option to Develop Infrastructure**

- Norton Francis, Chief Economist, Legislative Finance Committee
- Jill Sweeney and David Buchholtz, Brownstein, Hyatt & Farber

12:00 noon **Lunch**

1:30 p.m. **Role of the Department of Environment in Regulating and Financing
Community Wastewater Systems**

- Ron Curry, Secretary of Environment
- Rick Martinez, Deputy Secretary, Department of Finance and Administration

3:30 p.m. **Water System Financing: Encouraging Regionalization**

- Robert Apodaca, Director, Local Government Division, Department of Finance and Administration
- John D'Antonio, State Engineer and Chairman, Water Trust Board

5:00 p.m. **Recess**

Tuesday, August 29

9:00 a.m. **NMFA Participation in New Markets Tax Credit Program**

- Craig Reeves, NMFA Board Member
- Mark Valenzuela, NMFA Government Affairs Director
- Finance New Mexico Advisory Board Member

10:00 a.m. **New Market Tax Credit Partners Application Process and Timeline**

—Mark Valenzuela, NMFA

—Partnership Members

11:00 a.m. **2006 GRIP Finance Plan: Proposed Bond Structure**

—William Sisneros, CEO, NMFA

—Rhonda Faught, Secretary of Transportation

—Johnnie Cope, Chairman, State Transportation Commission

—George Williford, Senior Vice President, First Southwest Company

12:00 noon **Adjourn**

Revised: September 18, 2006

**TENTATIVE AGENDA
for the
FIFTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**September 19 - 20, 2006
Mid-Region Council of Governments Building
809 Copper Ave. NW
Albuquerque**

Tuesday, September 19

8:00 a.m. Breakfast for Committee Members

8:30 a.m. Call to Order and Welcome

- Bruce J. Perlman, Chief Administrative Officer, City of Albuquerque
- Donnie Leonard, Chair, Mid-Rio Grande Council of Governments (MR-COG)

Overview of Local Capital Projects and Capital Needs

- Bruce J. Perlman, Chief Financial Officer, Albuquerque
- Ron Gentry, Commissioner, Valencia County
- Thaddeus Lucero, Manager, Bernalillo County
- Bob Ayre, Manager, Torrance County
- Kevin Jackson, Mayor, Rio Rancho
- Gloria Chavez, Mayor, Tijeras
- Patricia Chavez, Mayor, Town of Bernalillo
- Art Mondragon, Director of Community Development, Los Lunas
- Wayne Ake, Mayor, Village of Bosque Farms

10:30 a.m. Flood Control Issues

- John Kelly, Executive Engineer, Albuquerque Metropolitan Arroyo Flood Control Authority

11:00 a.m. Depart for Albuquerque Train Station

**11:25 a.m. Rail Runner Trip from Albuquerque to Bernalillo and Back
Current Status and Phase II of Rail Runner Project**

- Lawrence Rael, Executive Director, MR-COG

12:45 p.m. Lunch

- Hosted by Bueno Foods

1:30 p.m. Tour of Bueno Foods Plant

2:30 p.m. Land, Wildlife and Clean Energy Act Proposal

- Reese Fullerton, Deputy Secretary, Energy, Minerals and Natural Resources
Department
- Mark Valenzuela, Director, Intergovernmental Relations, New Mexico Finance
Authority (NMFA)

3:15 p.m. **TIF Financing and Mesa Del Sol**

- Mike Daly, CEO, Mesa Del Sol

3:45 p.m. **Local Transportation Infrastructure Fund**

- Mark Valenzuela, NMFA

4:00 p.m. **NMFA Updates and Issues**

- William Sisneros, CEO, NMFA
- Mark Valenzuela, NMFA

5:00 p.m. **Recess**

Wednesday, September 20

8:30 a.m. **Breakfast for Committee Members**

9:00 a.m. **Call to Order**

9:15 a.m. **Bus Tour of:**

1. Mesa Del Sol
2. Coors / I-40 Project
3. San Juan-Chama Project Water Plant
 - Presentation by Mark Sanchez, Executive Director of the Albuquerque-Bernalillo County Water Utility Authority while on the bus, with subsequent tour of the water plant
4. University of New Mexico Hospital

1:00 p.m. **Adjourn**

Revised: October 3, 2006

**TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**October 4, 2006
Vado/Del Cerro Community Center
180 La Fe Avenue
Vado**

**October 5, 2006
Pancho Villa State Park
Columbus**

**October 6, 2006
Mimbres Valley Learning Center
2300 East Pine
Deming**

Wednesday, October 4 — Vado/Del Cerro Community Center, Vado

9:00 a.m. Call to Order and Welcome

Overview of Local Capital Projects and Capital Needs
—Local Governments and New Mexico State University

Colonias Issues

11:00 a.m. Depart on Bus Tour of Colonias and Water System

12:30 p.m. Lunch

2:15 p.m. Governmental Gross Receipts Tax Deduction for Special Events at University Venues
—Will Lofdahl, Director of Special Events, NMSU
—Mark Valenzuela, Director, Intergovernmental Relations, New Mexico Finance Authority (NMFA)

2:45 p.m. Review of Border Authority Activities
—Jaime Campos, Executive Director, New Mexico Border Authority
—Rick Homans, Secretary of Economic Development and Chair of Border Authority
—Border Authority Members

4:30 p.m. Spaceport Authority Update
—Rick Homans, Secretary of Economic Development

5:00 p.m. Recess

Thursday, October 5 — Pancho Villa State Park, Columbus

- 9:00 a.m. **Welcome**
—Sylvia Brenner, Pancho Villa State Park
—Eddie Espinoza, Mayor, Village of Columbus
- 9:30 a.m. **Border Security Issues**
—Rick Moody, Agent in Charge, Deming Station, United States Border Patrol
—Brigadier General Kenny C. Montoya, Adjutant General, New Mexico National Guard
—Jaime Campos, New Mexico Border Authority
- 12:30 p.m. **Pancho Villa State Park Improvements**
- 1:00 p.m. **Bus Tour of the Border**
- 4:30 p.m. **Recess**

Friday, October 6 — Room 152, Mimbres Valley Learning Center, Deming

- 9:00 a.m. **Welcome and Overview of Local Capital Needs**
—Richard McInturff, Administrator, City of Deming
—Scott Vinson, Luna County Manager
- 10:00 a.m. **Behavioral Health Program Update**
—Mark Valenzuela, NMFA
- 10:30 a.m. **Proposed NMFA Legislation**
—Mark Valenzuela, NMFA
—William Sisneros, CEO, NMFA
- 12:00 noon **Adjourn**

Revised: November 27, 2006

**TENTATIVE AGENDA
for the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**November 28, 2006
Room 307, State Capitol
Santa Fe**

Tuesday, November 28

- 9:00 a.m. **Call to Order**
- Proposed Rules for Behavioral Health Capital Fund**
—New Mexico Finance Authority (NMFA) Staff
- 9:30 a.m. **Proposed Statutory Change to Local Transportation Infrastructure Fund**
—NMFA Staff
- 10:00 a.m. **Presentation on NMFA Operating Budget**
—NMFA Staff
- 11:00 a.m. **Proposal for New Mexico Renewable Energy Transmission Authority**
—Representative Jose A. Campos
- 11:30 a.m. **Update on Request for Gross Receipts Tax Deduction for Ticket Sales for Special Events at University Venues**
—Will Lofdahl, New Mexico State University
—Dave Kimble
- 12:00 noon **Working Lunch**
- 12:30 p.m. **Review of Proposed Legislation for Committee Endorsement**
—Public Project Revolving Fund Projects Authorization
—SMART Money Projects Authorization
—SMART Money Appropriation
—Drinking Water State Revolving Loan Fund Appropriation
—Water Projects Authorization
—Memorial on Increased Federal Funding to Offset Border County Impacts
—Local Transportation Infrastructure Fund Changes
- 2:00 p.m. **Update on Mesa del Sol Proposal for State Gross Receipts Tax Increment Financing**
—Mike Daly, CEO, Mesa del Sol
- 2:30 p.m. **Adjourn**

Minutes

**MINUTES
of the
NEW MEXICO FINANCE AUTHORITY (NMFA) OVERSIGHT COMMITTEE**

**Room 307, State Capitol
April 19, 2006**

The meeting was called to order at 10:13 a.m. in room 307 of the state capitol by Representative Daniel P. Silva, chair.

Present

Rep. Daniel P. Silva, chair
Sen. Mary Kay Papen, vice chair
Sen. Joseph J. Carraro
Rep. Daniel R. Foley
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom
Rep. Jane E. Powdrell-Culbert
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil

Advisory Members

Rep. Jose A. Campos
Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Richard C. Martinez
Rep. Harriet I. Ruiz
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Rep. Luciano "Lucky" Varela

Absent

Sen. Clinton D. Harden, Jr.
Sen. Shannon Robinson

Sen. Ben D. Altamirano
Sen. Vernon D. Asbill
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Steven P. Neville
Sen. Leonard Lee Rawson

Staff

Renee Gregorio
Cleo Griffith
Jeremy LaFaver

Guests

The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

Wednesday, April 19

Bill Sisneros, executive director of NMFA, introduced staff members Marquita Russel, chief of programs, Connie Marquez, executive assistant, and Mark Valenzuela, director of intergovernmental relations, as well as deputy secretaries Tom Church and Robert Ortiz of the department of transportation (DOT). Mr. Sisneros spoke of the authorization given to NMFA by passage of amendments to the Statewide Economic Development Finance Act, which expands NMFA's powers so that it may participate in the federal new markets tax credit program. He stressed that with this new authority, NMFA will be able to help bring capital improvements into rural areas. He added that through this program, revenue is put back into the economic development fund.

Mr. Sisneros remarked that NMFA listened to legislative concerns during the session regarding disclosure of projects to be funded through the "SMART money" economic development piece, and said that confidentiality is a tenet of banking law and that NMFA partners with banks, not with the project. He added that there is currently \$50 million worth of projects that need to be prioritized and that will be vetted. He said that NMFA needs to find a way to increase the legislature's comfort level regarding exposure around these projects and that perhaps the oversight committee could be used as an authorizing agency.

Regarding the GRIP program, Mr. Sisneros reported that NMFA is looking to do a \$400 million bond issue and has \$50 million in escrow. He mentioned that the federal government requires NMFA to have money in reserve before contracts can be put in place and that NMFA needs a strong investment program to reduce the cost of that money and balance out arbitrage rules. He said that with the new higher allowance for NMFA to make authorization on projects under \$1 million (rather than the previous \$750,000), the waiting has been reduced on moving projects, and this allows NMFA to be fiscally responsible by setting the rate. Mr. Sisneros indicated that he would report back to the oversight committee on loans being made in this program.

Mr. Valenzuela said that NMFA came before the committee today to seek approval of rules governing the local transportation infrastructure fund. Ms. Russel went over the history of the fund, which was created by the 2005 legislature, that makes NMFA and DOT partners in providing funding for local transportation projects. She added that the legislation authorizes NMFA to use up to half of the administrative fee earned on the debt to capitalize the fund. NMFA can make grants and loans from the fund for projects that are prioritized by the secretary of transportation, she said. She told the committee that NMFA is now preparing to issue \$10 million in bonds to capitalize this fund. The rules presented to committee members were set up to provide a framework for administering this fund, she said, but DOT and NMFA will fully develop rules as they meet with other planning organizations.

In response to a question regarding the relationship of this fund to the GRIP program, Mr. Ortiz indicated that no relationship exists between GRIP 2 and this program; the only similarity is that local governments could apply through NMFA to help with funding of GRIP projects through this program. Also in answer to questions on arbitrage, he indicated that DOT is 60 percent encumbered or expended on the GRIP bonds borrowed to date; the high return on investment affects arbitrage, but the limits have not been reached. Mr. Valenzuela remarked that NMFA is developing a set-aside process so that any arbitrage that needs to be reimbursed will be set aside. He added that NMFA conducts a study every year to calculate the amount of earnings on all funds and that DOT's account is now in compliance.

Representative Saavedra requested that NMFA submit the names and contact information for all NMFA board members, along with their qualifications.

In response to a question on whether the legislature approves the list of projects for the local transportation infrastructure fund, Mr. Valenzuela clarified that this fund does not have the same requirement in statute as the public project revolving fund, so the rules also do not reflect any legislative input regarding prioritization, which is done by DOT, in conjunction with metropolitan and regional planning organizations.

Committee members suggested that there be a change in statute to include the legislature in the selection process for projects under this fund. Discussion ensued regarding the process of funding road projects through the GRIP program, and it was clarified that legislative oversight happens when communities have projects funded through GRIP and then apply for the revolving loan piece through NMFA. Mr. Ortiz mentioned that this funding is structured to help local communities with smaller projects. NMFA agreed to present policies to the oversight committee.

In response to committee questions on what entity DOT used before NMFA, Mr. Church remarked that the state transportation commission issued bonds and hired an investment advisor for previous program administration, but that now the NMFA has an investment advisor and bond counsel. In comparison, he added, costs are greater to DOT in terms of overall bond expense, but the return on investment is greater, and many more services are provided. He said that in the GRIP program, DOT saved over \$2 million in the process, so the relationship with NMFA is obviously working.

In response to a question on how much NMFA anticipates it will receive this year for all projects, Ms. Russel indicated that revenue from DOT's projects will amount to about \$1 million, half of which will go into the local transportation infrastructure fund, as it did this past year. Mr. Valenzuela said he would provide the committee with a summary of the original financing for GRIP. Committee members indicated a need to know these details, including return on investment figures and comparisons between NMFA and other financing organizations, stating that its duties are to oversee and to make sure NMFA is maximizing its potential.

Committee members also expressed concern that local entities should be informed about the application process for this fund. Discussion ensued regarding criteria that must be met by local entities before a project could be considered for funding. Committee members then asked what would happen to the money in the fund if the committee does not approve the rules as they are currently set out by NMFA, to which NMFA replied that the money would sit in the account until the committee approves the rules, and the projects would be delayed. This led to more discussion regarding the problem of the legislature giving up oversight on projects, thus giving over power to the executive. Mr. Valenzuela reiterated that the purpose of the original legislation was to address rural road projects that are not able to qualify for federal funding and that have a difficult time getting local funding. He added that the \$500,000 cap was put on projects to ensure no single entity could receive most of the funding. Questions regarding this cap language in the rules on page 7, which states that: "The maximum amount of a grant for any Local Transportation Project shall be \$500,000", were brought forth because this language would not really prevent a single county from obtaining grant money for several different projects. NMFA agreed to look at this and amend this language to more truly reflect the original intent. Mr. Valenzuela added that the idea behind this fund was to create a revolving fund that would grow.

Mr. Ortiz stressed that the intent is to fund local projects in a good program that would require the local government to provide 75 percent of the funding for a project. Mr. Valenzuela assured the committee that he would provide the exact number for fee revenues per month because he feels that the FIR for this bill was wrong in its estimate of \$190 million per year.

Committee members expressed concern over Subsection C on page 9 of the proposed rules, which states that: "The Authority may establish such other charges, premiums, fees and penalties as it shall deem necessary for the administration of the Program, as provided in the Local Transportation Project Policies", asking that this subsection be eliminated or clarified.

After discussion over whether statute needs to be amended or the rules could simply be amended to reflect legislative involvement in the selection of projects, the committee decided that the rules could be changed to indicate that projects must come before the legislative oversight committee for approval. On motion, second and unanimous approval, the committee voted to delay its final approval of the rules and regulations governing the local transportation infrastructure fund, and committee members are to communicate their concerns to staff and chairs before the next oversight committee meeting in June.

The committee adjourned at 12:30 p.m.

- 4 -

**MINUTES
of the
SECOND MEETING
of the**

NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

June 19, 2006
State Capitol, Room 322
Santa Fe

The second meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papen on June 19, 2006 at 10:10 a.m. in Room 322 of the State Capitol in Santa Fe.

Present

Sen. Mary Kay Papen, Chair
Rep. Daniel P. Silva, Vice Chair
Sen. Joseph J. Carraro
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil

Advisory Members

Rep. Hector H. Balderas
Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Richard C. Martinez
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela

Absent

Rep. Daniel R. Foley
Rep. Jane E. Powdrell-Culbert
Sen. Shannon Robinson

Sen. Vernon D. Asbill
Rep. Jose A. Campos
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Steven P. Neville
Sen. Leonard Lee Rawson

Staff

Cleo Griffith
Renee Gregorio
Liz Holmes

Guests

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Monday, June 19**Approval of Minutes**

Representative Stell moved to approve the minutes of April 19, 2006 meeting, with a correction in the third paragraph on page 3 changing "GRIP2" to "GRIP". The motion was seconded and passed unanimously.

Review and Discussion of Local Transportation Infrastructure Fund Rules

William Sisneros, chief executive officer of the NMFA, recalled that the proposed rules for the Local Transportation Infrastructure Fund had been presented at the April 19 meeting of the committee, and concerns had been raised about the lack of legislative input or approval in the selection of projects to be funded. He said the NMFA staff was withdrawing the request for a vote of approval on these rules today and this morning's presentation would be for purposes of explanation and committee discussion only.

In response to a question about the outlook for additional GRIP bonds, Mr. Sisneros said the bond market is very volatile. Representative Varela requested that this committee receive monthly updates on GRIP finances. He said it would be appropriate to have the Department of Transportation present at the meetings of this committee. Committee members noted there had been discussion during the last session of a one-time supplemental appropriation for the increased costs of GRIP projects but no appropriation had been made. Representative Lujan said the Department of Transportation should appear before this committee to explain the status of GRIP projects and what needs to be done.

In discussion of the proposed Local Transportation Infrastructure Fund rules, committee members again expressed concern about the lack of legislative oversight or approval of the projects to receive funding and questioned the requirements for project eligibility. Marquita Russel, chief of programs for the NMFA, explained that the statute that created the fund was very specific about the process to be followed in using the fund and the NMFA had very little discretion to vary from the statutory framework in developing the rules.

Some committee members said they had understood that these funds were intended for projects that were ineligible for federal or STIP funding, and would go to smaller communities, and it is important that there be local input in developing these projects. It was noted that the

Department of Transportation must use the MOP and ROP process to compile the project list, and this is a locally driven process. Mr. Sisneros said the NMFA hopes to work more closely with RPOs, MPOs and COGs to understand how they develop projects. He said the NMFA is aware that small communities may not have the expertise to develop infrastructure plans, and intends to launch a program this year to help smaller communities with planning and financing strategies.

There was discussion of possible NMFA financing assistance to help communities reach the matching fund requirement.

In reply to questions, Mr. Sisneros said the NMFA has been putting aside one-half of the administrative fee it receives from the GRIP bonds since July 1, 2005, as provided in the statute. There is about \$1 million in the Local Transportation Infrastructure Fund at this time. However, bonds will be issued against anticipated future fees as well, so the NMFA anticipates an amount of \$10 million. He noted that the rules must be adopted before the NMFA can move forward on using the fund, so there are no plans at this time to issue bonds. He said the NMFA wants to see if the committee's concerns can be met by changes in the proposed rules, or if statutory changes will be needed. In reply to questions, Mr. Sisneros said the Department of Transportation had not submitted a list of projects.

Senator Rodriguez noted that the committee had received letters from several COGs commenting on the proposed rules and these letters had good suggestions about possible changes to the rules. She urged Mr. Sisneros to consider these suggestions.

Senator Taylor commented that he thinks the committee needs to be careful in approving additional NMFA activities, because in the last several years there has been significant expansion of NMFA responsibilities. He is concerned that NMFA may be being stretched too thin and may find it hard to focus on its main mission. He noted that the definition of projects eligible for financing by the NMFA has been expanded greatly in recent years, and now it will be getting into road projects, which are often controversial and highly political. Mr. Sisneros agreed that the expansion of NMFA in recent years creates the danger of losing sight of the main NMFA mission, but he noted that the additional responsibilities have been the result of legislation.

Representative Silva suggested that at future meetings the NMFA staff review the various programs in which it participates.

The meeting recessed at 12:40 p.m. for lunch and resumed at 1:45 p.m.

Representative Stell commented that in regard to the morning's discussion about the Local Transportation Infrastructure Fund, he thinks a relatively simple solution would be to amend the statute to provide for legislative input in the funding decisions, similar to the procedures for the Water Trust Fund.

Senator Papen suggested that a subcommittee be formed to work with NMFA on addressing the committee's concerns about the fund. She said she would appoint Representatives

Lundstrom, Silva and Stell and Senators Harden and Snyder to the subcommittee. Representative Lundstrom moved to approve the appointment of the subcommittee, with the provision that the NMFA staff first investigate how many of the concerns can be addressed by changes to the rules, and then the subcommittee can decide what additional action is needed. The motion was seconded by Representative Silva and passed unanimously.

Discussion of Work Plan for 2006 Interim, Meeting Dates and Locations

The committee reviewed the proposed work plan for the 2006 interim. It was agreed that Item 7 would be amended to include information on the utilization of the New Mexico National Guard in the border region; Item 11 would be amended to emphasize that available federal funding be utilized; and a new item would be added requesting NMFA staff to investigate use of the federal Indian Reservation Road Fund as a revenue stream for bonding road projects. The amended work plan was adopted by unanimous consent.

The committee approved the following meeting schedule and locations by unanimous consent: July 10-11, Farmington and Dulce; August 28-29, Ruidoso; September 19-20, Albuquerque area; October 16-18, Las Cruces/Deming/border region; November 27-28, Santa Fe; and January 15, one-half day meeting in Santa Fe.

Overview of Border Authority

Jaime Campos, executive director of the Border Authority, distributed the January 2006 New Mexico Border Authority Activities Update to the committee and briefly summarized its contents. He said he had not prepared a formal presentation, but was present to answer questions from the committee.

Mr. Campos summarized the progress of the Verde Group development near Santa Teresa and the rail spur from Juarez to Santa Teresa. He said development of the rail line has required the participation of Texas and Chihuahua in planning and this has slowed things down. He assured the committee that New Mexico is doing what it can to complete this project.

In reply to questions about the presence of New Mexico National Guard members on the border, Mr. Campos said the guard will have no enforcement responsibilities. It will be used for technical backup only.

In reply to questions, Mr. Campos discussed the federal government policy on treatment of undocumented immigrants, and the differing treatment of those from Mexico and those from other countries. Several committee members commented on the causes and ramifications of the illegal immigration situation.

The meeting adjourned at 3:00 p.m.

**MINUTES
of the
THIRD MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**July 10, 2006
Room 9012, Henderson Fine Arts Center, San Juan College
Farmington**

**July 11, 2006
Community Room, Jicarilla Supermarket
Dulce**

The third meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2006 interim was called to order by Representative Daniel P. Silva, vice chair, on Monday, July 10, 2006, at 9:40 a.m. in Room 9012 of the Henderson Fine Arts Center of San Juan College in Farmington.

Present

Rep. Daniel P. Silva, Vice Chair
Rep. Daniel R. Foley (July 10)
Rep. Jane E. Powdrell-Culbert
Sen. Nancy Rodriguez
Sen. H. Diane Snyder
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil (July 10)

Advisory Members

Rep. Hector H. Balderas
Rep. Ernest H. Chavez
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan (July 11)
Rep. Edward C. Sandoval
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela (July 10)

Absent

Sen. Mary Kay Papen, Chair
Sen. Joseph J. Carraro
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Patricia A. Lundstrom
Sen. Lidio G. Rainaldi
Sen. Shannon Robinson
Rep. Henry Kiki Saavedra

Sen. Vernon D. Asbill
Rep. Jose A. Campos
Sen. Pete Campos
Sen. Kent L. Cravens
Rep. Anna M. Crook
Sen. Joseph A. Fidel
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Richard C. Martinez
Sen. Steven P. Neville
Sen. Leonard Lee Rawson
Rep. Sheryl Williams Stapleton

(Attendance dates are noted for members not present for both days of the meeting.)

Staff

Cleo Griffith
Doris Faust

Guests

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Monday, July 10

Welcome and Introductions

Committee members and staff introduced themselves. Representative Daniel P. Silva, vice-chair of the committee, thanked San Juan College for hosting the meeting, and discussed scheduling. Cleo Griffith confirmed that the October NMFA meeting had been changed to October 4-6. Dr. Carol Spencer, president of San Juan College, and George Sharpe, Farmington city councilor and mayor pro-tem, welcomed the committee to Farmington.

Overview of Area Capital Needs

Keith Johnson, San Juan County commissioner and Bloomfield city manager, provided a handout detailing Bloomfield's 2007 legislative funding requests (available in the meeting file). He thanked the committee for its support in the past, noting that Bloomfield had received \$100,000 toward necessary water tanks. Upon questioning regarding cooperation between the local communities on water issues, Mr. Johnson indicated that water use agreements are in place between some of the local communities, and that Bloomfield is trying to reach out to all of its surrounding communities on water issues.

Mr. Johnson discussed San Juan County's need for funds to rehabilitate the old jail by converting it into a methamphetamine treatment and incarceration center; to build a new health care facility in Farmington; to rebuild an aging bridge that serves the oil and gas industry (\$2,000,000); to build a new courtroom in the current courthouse (\$600,000); and to improve the Boys and Girls' Club facility in Shiprock (\$1,500,000). Mr. Johnson said Bloomfield's top three funding priorities are a second point of diversion for raw water for the Bloomfield water treatment plant; fire and police/court facility design and construction; and intersection enhancements for the intersection at Industrial Park and Highway 550.

David Velasquez, Aztec city manager, provided a handout detailing Aztec's 2006-2007 project descriptions (available in the meeting file). He described the water-sharing line between Aztec and Bloomfield, which has pumping stations at both ends, allowing water to be pumped in either direction. Aztec anticipates the development of approximately 500 new homes in the near future, which will require increased infrastructure. Mr. Velasquez reported that Aztec's wastewater treatment facility is at capacity, and that \$5,100,000 is needed for upgrades to this system. Mr. Velasquez also indicated that \$10,000,000 is needed for an alternate relief route to

preserve Aztec's historic main street, that funds are needed for a pedestrian bridge over the Animas River and that \$3,000,000 is needed for a new fire station.

Upon questioning, Mr. Velasquez indicated that water safety is the critical issue, in that Aztec is out of compliance with Environmental Protection Agency (EPA) standards. He further stated that even if funds are received in July 2007, it would take an additional 1.5 to two years for a new water treatment facility to go online. Discussion ensued regarding water rates in the various local communities and long-term projected area growth. Aztec's top three funding priorities are the wastewater treatment plant, the alternate relief route and an expansion of its water and sewer system.

The committee requested an update at a future meeting from the New Mexico Department of Environment on EPA issues, water issues and costs to local government of compliance.

Michael Sullivan, Farmington's community development director, provided a handout detailing Farmington's capital needs (available in the meeting file). Farmington's needs largely stem from the fact that it is in a growth mode, and is New Mexico's newest metropolitan statistical area. Farmington projects construction of approximately 275 to 300 new dwelling units per year, and expects that its growth will precipitate an increase in interaction with, and requests to, the NMFA.

Farmington may seek funding for various projects, including upgrades to its wastewater system, regionally significant street projects, two additional fire stations, a new animal shelter, a storm drainage master plan update, a metropolitan redevelopment plan and metropolitan redevelopment area capital projects.

NMFA Report

William C. Sisneros, NMFA's chief executive officer, provided a handout listing the NMFA board members and the membership of the NMFA internal committees. He indicated that the July NMFA presentation would focus on:

- NMFA history since 2002;
- a summary of NMFA programs;
- long-term planning and needs assessment; and
- improving cooperation between state and local governments.

Mark Valenzuela, NMFA's director of intergovernmental relations, discussed key legislation pushed by the NMFA during the 2006 legislative session (see handout, available in meeting file). He indicated that the NMFA is trying to refine its programs and expand into economic development. Mr. Valenzuela discussed the federal new market tax credit program and the "smart money" loan participation program. Upon questioning by the committee, Mr. Valenzuela stated that the program involves a federal tax credit issued to the NMFA, which then

sells the tax credit to investors. This is the last year of the federal tax credit program, although work is in progress to extend the program another five years. The tax credit amounts to 39 percent over five years, with five percent of the credit taken in the first year. The purpose of the tax credit program is to incentivize investment into small and rural areas.

Mr. Valenzuela also discussed the Public Project Revolving Fund, which is the NMFA's flagship program. Upon questioning by numerous committee members, Mr. Valenzuela stated that the NMFA would put together a brief on all the NMFA's economic programs and the differences among them. Discussion ensued regarding the NMFA's jurisdiction to make certain types of loans, such as funding a behavioral health facility. Mr. Sisneros responded that the NMFA is looking into this issue and agreed that there is a need to do more due diligence.

Mr. Sisneros then outlined the history of the NMFA management and discussed staffing issues. The NMFA has hired a chief operating officer and is looking to hire in-house counsel. It is also cross-training current employees in the implementation of its "two deep" strategy.

The NMFA is also strengthening internal controls and will conduct a series of audits. By doing debt capacity analysis and by avoiding over-leveraging of the borrower entities, the NMFA has been successful in preventing borrower defaults. Mr. Sisneros reported that the combined safeguards effected by the NMFA have reduced NMFA's insurance costs because investors have a higher comfort level with the NMFA.

The committee expressed concern over the makeup of the NMFA board, the level of financial expertise in the board membership, the need to protect the legislative prerogative with regard to the NMFA, and the need to keep the committee apprised of NMFA participation in other activities, including programs such as the Governor's Infrastructure Investment Team. In response to committee questions, Mr. Sisneros reported that the finance committee within the NMFA has substantial banking expertise and further expanded on NMFA staffing and the NMFA organizational chart. Discussion ensued regarding the NMFA's policies regarding keeping the committee apprised of NMFA programs, the historical function of the NMFA and its current programs and budget.

Update on GRIP Projects

Secretary of Transportation Rhonda Faught announced that rail service connecting Bernalillo and Albuquerque will begin on July 14, 2006, followed by service to the south of Albuquerque.

Ms. Faught discussed the Department of Transportation's (DOT's) efforts to manage costs and provided an American Association of State Highway and Transportation survey regarding construction cost increases and competition (handout in meeting file). A number of factors, including Hurricane Katrina, have caused a substantial increase in the costs of construction materials and in maintenance costs. In order to reduce costs, the DOT is using design optimization techniques such as decreasing asphalt usage in the shoulder portion of highways under construction.

Ms. Faught further reported that:

- the 30 percent increase in promised federal funds did not materialize;
- the DOT has seen \$48,000,000 in rescissions;
- Hurricane Katrina repairs have impacted money allocated to states for funding of state infrastructure;
- New Mexico has had more success than other states in reducing the impact of funding issues in the delivery of projects;
- some state transportation projects may need to be delayed to accommodate the reduced funding;
- 1,800 New Mexicans are working on GRIP projects, which furthers goals of economic development;
- \$334,000,000 has been paid to contractors in fiscal year 2006; and
- another \$350,000,000 in construction projects is projected for fiscal year 2007.

Discussion ensued regarding the Highway 550 project and 20-year guaranty, the DOT's handling of rural area needs, signage over Interstate 25, rain damage to New Mexico roads and the potential to fund roads in the future by means of tolls. Ms. Faught provided handouts describing the status of 40 GRIP projects and a draft summary of New Mexico DOT legislative issues for 2007.

Mr. Valenzuela briefly reported to the committee on GRIP issues and NMFA's objectives for GRIP investments. The committee recessed at 4:35 p.m.

Tuesday, July 11

The committee reconvened at 9:45 a.m. in Dulce.

Welcome and Introductions

Committee members introduced themselves. Representative Silva thanked the Jicarilla Apache Nation for hosting the meeting, and discussed the Jicarilla facilities to be toured.

Overview of Area Capital Needs

Levi Pasata, president of the Jicarilla Apache Nation, thanked the NMFA for prior support and introduced the Jicarilla employees who would be guiding the committee tour. Mr. Pasata described Jicarilla capital funding needs, including a new shopping center, a new inn and casino, a new medical center, a new elementary school, a new tribal center, a new day care center, a new fish and game building and new housing. Housing is a major concern for the Jicarilla Apache Nation, where there are currently 300 people on the waiting list for new housing.

Chama Mayor Archie Vigil stated that Chama needs approximately \$7,000,000 to replace its outdated sewer system. The plant is 25 years old, but when built had only a 20-year projected life. Chama has requested federal funding for this project, but will need additional assistance. Chama may be assessed \$37,500 in fines by the EPA due to the sewer system. Chama also needs

a new community center, a new senior center, an additional baseball field and new floors for its gymnasium.

Discussion ensued regarding water issues and Chama's efforts to increase tourism and lodging tax revenue by marketing the Chama region as a whole.

The committee then toured the Dulce wastewater treatment facility, which is approximately two years old, and the San Juan Chama Project Azotea Tunnel Outlet.

Adjournment

Representative Silva adjourned the meeting at 12:30 p.m.

**MINUTES
of the
FOURTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**August 28-29, 2006
Mescalero Room D
Inn of the Mountain Gods Resort and Casino
Mescalero**

The fourth meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papen, chair, on Monday, August 28, 2006, at 9:35 a.m. in Mescalero Room D of the Inn of the Mountain Gods Resort and Casino in Mescalero.

Present

Sen. Mary Kay Papen, chair
Rep. Daniel P. Silva, vice chair
Sen. Joseph J. Carraro
Rep. Daniel R. Foley (August 28)
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Jane E. Powdrell-Culbert
Sen. Nancy Rodriguez (August 28)
Sen. H. Diane Snyder
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil (August 28)

Advisory Members

Sen. Vernon D. Asbill
Rep. Hector H. Balderas
Rep. Jose A. Campos
Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Rep. Roberto "Bobby" J. Gonzales
Sen. Richard C. Martinez
Sen. Leonard Lee Rawson (August 28)
Rep. Sheryl Williams Stapleton
Sen. James G. Taylor (August 28)
Rep. Luciano "Lucky" Varela

Absent

Rep. Patricia A. Lundstrom
Sen. Lidio G. Rainaldi
Sen. Shannon Robinson
Rep. Henry Kiki Saavedra

Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Steven P. Neville
Rep. Edward C. Sandoval

(Attendance dates are noted for members not present for the entire meeting.)

Staff

Cleo Griffith
Doris Faust
Lindsey Bilovesky

Guests

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Monday, August 28**Welcome and Introductions**

Senator Mary Kay Papen welcomed guests in attendance and introduced officials from the surrounding communities. Brad Treptoe, Ruidoso Valley Chamber of Commerce, and Dr. Mike Elrod, Eastern New Mexico University's provost, welcomed the committee to Ruidoso. Selena Chino, first lady of the Mescalero Apache Tribe, and Brian Parish, CEO of the Inn of the Mountain Gods Resort and Casino, also welcomed the committee.

Overview of Local Capital Projects and Capital Needs

Mr. Treptoe gave an overview of upcoming local projects in the town, including the expansion of Highway 532, and discussed plans for further workforce development, noting, however, that Ruidoso has a very low unemployment rate.

Dr. Elrod explained the university's in-depth training program and his goal to recruit a larger workforce from the local area.

Sue Garrett, mayor pro-tem of Ruidoso Downs, and Lorri McKnight, manager and treasurer of Ruidoso, gave a presentation on local water and wastewater systems needs. Ruidoso and Ruidoso Downs have entered into a partial agreement for a wastewater treatment facility, which would serve both communities. Phosphate issues are greatly increasing the cost of this project, which is currently in the design phase. The communities have also partially settled a 2005 lawsuit filed by the Forest Guardians over wastewater treatment deficiencies. Although the federal Environmental Protection Agency (EPA) has not yet imposed monetary sanctions against Ruidoso or Ruidoso Downs, both communities will be in violation of federal standards until the wastewater treatment plant is on line. Ruidoso Downs intends to use its remaining bonding capacity of \$1 million for the project and will request \$5 million in federal assistance. The Mescalero Apache Tribe is a client of the current treatment facility, and it is hoped that the tribe can assist by obtaining federal grant funding for the new facility. The communities will jointly seek \$15 million from the state to complete the \$35 million project. On questioning by the committee, discussion ensued regarding wastewater treatment in relation to federal water quality standards, phosphate standards and New Mexico stream standards.

Ms. Garrett also reported that Ruidoso Downs will be seeking funding for a new fire station, for sewer extensions, for a one million gallon water storage reservoir and for drainage system improvements.

Donald E. Carroll, mayor of Alamogordo, and Pat McCourt, Alamogordo city manager, thanked the NMFA for its past support. They indicated that Alamogordo needs \$7 million to continue work on its desalinization project, which will treat brackish water. Discussion ensued regarding desalinization efforts in Alamogordo, as well as Alamogordo's water rights in Bonita Lake. Mr. Carroll reported that Bonita Lake is now full and that Alamogordo has the majority of water rights to the lake.

Sammy L. Hammons, mayor of Capitan, relayed a prioritized list of funding requests to the committee and asked for a grant assistance for local initiatives, including \$400,000 to complete a water treatment plant. Discussion ensued regarding the initiatives and methods of funding. The committee suggested that Capitan also pursue federal grants as a source of income.

Ray Cordova, mayor of Tularosa, was joined by Tularosa city officials Tom McKeen and Richard Gutierrez. Mayor Cordova said that Tularosa is experiencing residential and commercial growth, describing the large new racehorse breeding and training facility that will be built in the near future. Mayor Cordova reported that Tularosa has the ability to store only three to four days of water and needs to increase its surface water storage capacity. Tularosa is seeking \$2.5 million to repair wells and to build a sedimentation pond to store water. Mayor Cordova also requested \$825,000 in funding for a senior center.

Michael Nivison, administrator of the Village of Cloudcroft, reported that Cloudcroft is also experiencing wastewater treatment problems. Cloudcroft will be requesting \$500,000 to fund water and wastewater improvements. On questioning by the committee, Mr. Nivison discussed Cloudcroft's cost-benefit analysis of storage pond improvements versus storage tank construction.

Tax Increment Financing: A New Option to Develop Infrastructure

David Buchholtz of Brownstein, Hyatt & Farber described tax increment financing (TIF) as a useful financing tool that couples the growth of the tax base in a designated development area with the financing of infrastructure improvements in that area. TIF does not involve a tax increase but is a revenue shift. As an example of how TIF works, Mr. Buchholtz explained that TIF would allow a developer to use the amount that a tax base is expected to rise after completion of the proposed project and to borrow against that amount. In order to qualify, a TIF district must be created by the local government and must be used solely for public improvements in low-income areas. Forty-seven other states have some form of TIF. Mr. Buchholtz reported that Albuquerque, Las Cruces and Farmington already have plans to use TIF.

Norton Francis, chief economist for the Legislative Finance Committee, presented the pros and the cons of TIF. Among the positive points are TIF's ability to painlessly create new tax revenue, to provide needed targeted capital for a district and to be administered locally. However, problems that could arise include interjurisdictional conflicts, overly optimistic borrowing and diminishing local authority over city planning. Mr. Francis also described how a TIF district is formed and terminated, the requirements of a TIF project plan, the findings required by a governing body to set up a TIF district, safeguards in the TIF legislation and how the TIF increment is determined.

On questioning by the committee, Mr. Buchholtz and Mr. Francis discussed the logistics of TIF, proposed TIF legislation and areas of New Mexico where TIF may be used. It was noted that the TIF bill that passed was only brought before the 2005 interim committee in concept form and that close scrutiny of the TIF statutes might suggest beneficial revisions.

The Role of the Department of Environment in Regulating and Financing Community Wastewater Systems

Rick Martinez, deputy secretary of the Department of Finance and Administration, discussed the process of funding water and wastewater projects around the state. He said the process should be similar to that of the Public School Capital Outlay Council, noting that a uniform application should be used and that NMFA should process the fiscal review for debt analysis. He also emphasized the need for full-cycle planning and that projects should be fully funded, rather than funded by piecemeal appropriations. Mr. Martinez proposed new ideas that could be implemented throughout New Mexico, such as large scale water reuse projects, water demonstration projects and watershed projects. Mr. Martinez suggested that Councils of Government should assist in the process of developing regional water and wastewater infrastructure.

Along with Mr. Martinez, Ron Curry, secretary of environment, addressed committee questions regarding piecemeal appropriations, possible revenue streams, the importance of watershed management, standards for surface water quality and phosphate levels. The committee requested that the Department of Environment work with Ruidoso on its water problems and that the department help Ruidoso work with the EPA. In response to committee questioning, Mr. Curry reported that the state is working on putting together a process plan for use by communities in dealing with wastewater problems. The committee also discussed the merits of setting up a single government entity to handle water and wastewater projects.

Water System Financing: Encouraging Regionalization

Robert Apodaca, director of the Local Government Division of the Department of Finance and Administration, recapped 2005 legislation on water systems and reported on the challenges facing water infrastructure financing. He noted that the state has approximately 650 public water systems, but that 95 percent of them have fewer than 500 customers. The majority of water systems have limited capacity, are aging and have difficulty in complying with federal and state regulations. Mr. Apodaca reported that it would cost approximately \$5 billion to repair the state's aging water system infrastructure. He detailed a number of water-related problems, including the lack of an effective approach for developing new water capacity, lack of strategic prioritization and lack of a clear line of accountability. Mr. Apodaca reported that state surface water is fully appropriated and that ground water is not being sufficiently recharged, and discussed a number of potential projects for the upcoming legislative session.

Heather Himmelberger, director of the Environmental Finance Center at the New Mexico Institute of Mining and Technology, discussed regionalization of water systems, describing the benefits to local communities when they work together and achieve better economies of scale. Ms. Himmelberger discussed and evaluated pilot programs in the state. She also noted that New Mexico does not have a proactive approach for regionalization and has, in fact, created disincentives for regional structures. Ms. Himmelberger compared New Mexico policies to

other states' regionalization initiatives, concluding that the New Mexico funding and grant process encourages individual systems.

John D'Antonio, state engineer and chair of the Water Trust Board, stood for questions with Mr. Apodaca and Ms. Himmelberger. Upon questioning by committee members, Ms. Himmelberger agreed that extensive state assistance will be needed to increase regionalization of water systems and that cooperation with the executive branch will be crucial to successful regionalization.

Committee Business

On motion duly made and approved without objection, the minutes from the June 19, 2006 and July 10, 2006 meetings were approved. The committee recessed at 5:45 p.m.

Tuesday, August 29

The committee reconvened at 9:10 a.m. in Mescalero Room D of the Inn of the Mountain Gods Resort and Casino in Mescalero and was welcomed by Mark Chino, president of the Mescalero Apache Tribe.

NMFA Participation in the New Markets Tax Credit Program

Mark Valenzuela, NMFA, introduced the NMFA's chief investment officer, John Duff, along with Finance New Mexico Advisory Board Members C.J. Wieggle, a local insurance agency owner, and Deming Mayor Andres Silva. The presenters discussed efforts and strategies for bringing in high-wage jobs to New Mexico.

Mr. Valenzuela described the federal New Markets Tax Credit Program, which was established in 2000 to bring investment capital to low-income or distressed areas. Investors in community development entities will receive new markets tax credits totaling 39 percent of their investment, paid out over seven years. Thus far, New Mexico and Kansas are the only states that have not been awarded tax credits. The New Markets Tax Credit Program is administered by the federal Department of Treasury's Community Development Financial Institutions Fund. The fund grants community development entity status and allocates the tax credit. Mr. Valenzuela added that the NMFA has established a community development entity called Finance New Mexico, LLC. This community development entity will be applying for the federal tax credit in February 2007 and has identified projects valued at approximately \$500 million for the tax credit program. Projects include an ethanol plant, solar and wind energy projects, a forest projects company and the Albuquerque Studios. The NMFA will generate profits from this program via fees but will put the fees back into the program. Mr. Valenzuela is confident that this year NMFA will have a competitive application and will be successful in its efforts to obtain new markets tax credits from the federal government.

New Markets Tax Credit Partners Application

Nick Smerigan, vice president of Albuquerque Studios, and Jeremy Hariton, director of studio operations and finance for Albuquerque Studios, reported that they are in the process of building the Albuquerque Studios, a film and production studio.

Mr. Smerigan explained that Albuquerque Studios broke ground this summer in Mesa del Sol and is scheduled to open in January 2007. The facility will cover 54 acres, will cost approximately \$160 million and will ultimately employ roughly 2,750 people. Albuquerque Studios is anticipated to be the start of a \$500 million to \$700 million industry in New Mexico. Albuquerque Studios will be bigger than Sony Studios in Los Angeles and will benefit New Mexico through greater employment, property taxes and gross receipts taxes paid to the state. Mr. Smerigan added that Albuquerque Studios will implement job training programs and that he hopes to see New Mexico residents making up most of the employees. The architects and structural engineers already working on this project are all from New Mexico companies.

Mr. Hariton emphasized that he is anticipating receiving the new markets tax credit next year and explained that the studio plans could not occur without the tax credit. Mr. Hariton is confident that they will secure the credit because a studio of this caliber has not been built in 10 years. He explained that Mesa del Sol was chosen because of its proximity to the airport and the availability of parcels of land.

2006 GRIP Finance Plan: Proposed Bond Structure

Rhonda Faught, secretary of transportation opened her presentation by noting that the RailRunner Project has been even more successful than anticipated, averaging over 5,000 riders per day. The Los Lunas station is scheduled to open in late September and the Belen station should be open by November. Secretary Faught reviewed the GRIP Project schedule, reporting that \$679 million in GRIP projects have been authorized to date. Secretary Faught discussed budget cuts and fears that projects will not be completed.

George Williford, senior vice president of First Southwest Company, discussed the goals and constraints of GRIP. He described the new lien structure and debt policy constraints. He added that the design optimizations combat inflation. One concern expressed is that the state may not be able to afford to complete all GRIP projects without dipping into the general fund.

Upon questioning by committee members, Secretary Faught and Mr. Williford discussed construction cost spikes and the importance of being cautious and forward-thinking in light of possible future funding shortfalls.

Adjournment

Senator Papen adjourned the meeting at 12:10 p.m.

**MINUTES
of the
FIFTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**September 19-20, 2006
Mid-Region Council of Governments
Albuquerque**

The fifth meeting of the New Mexico Finance Authority Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papan, chair, on Tuesday, September 19, 2006, at 8:43 a.m. at the Mid-Region Council of Governments Building in Albuquerque.

Present

Sen. Mary Kay Papan, Chair
Rep. Daniel P. Silva, Vice Chair
Sen. Joseph J. Carraro
Rep. Daniel R. Foley
Sen. Clinton D. Harden, Jr. (September 20)
Rep. Dona G. Irwin
Rep. Jane E. Powdrell-Culbert
Sen. Lidio G. Rainaldi
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Rep. Joe M Stell
Rep. Don L. Tripp
Rep. Richard D. Vigil

Advisory Members

Rep. Ernest H. Chavez
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Leonard Lee Rawson (September 19)
Rep. Edward C. Sandoval
Sen. James G. Taylor
Rep. Luciano "Lucky" Varela

Absent

Rep. Patricia A. Lundstrom
Sen. Shannon Robinson
Sen. H. Diane Snyder

Sen. Vernon D. Asbill
Rep. Hector H. Balderas
Rep. Jose A. Campos
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Sen. Stuart Ingle
Sen. Richard C. Martinez
Sen. Steven P. Neville
Rep. Sheryl Williams Stapleton

(Attendance dates are noted for members not present for both days of the meeting.)

Staff

Cleo Griffith
Doris Faust
Lindsey Bilovesky

Guests

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Tuesday, September 19**Welcome and Introductions**

Representative Silva welcomed guests in attendance and introduced officials from the surrounding communities. Bruce Perlman, chief administrative officer for the City of Albuquerque, welcomed the committee on behalf of Mayor Martin Chavez. Donnie Leonard, chair of the Mid-Region Council of Governments (MR-COG), explained what MR-COG does and identified the cities, counties, villages and pueblos included in the MR-COG. Lawrence Rael, executive director of MR-COG, described some of the new projects the MR-COG is undertaking, such as a transportation dispatch system.

Overview of Local Capital Projects and Capital Needs

Thaddeus Lucero, manager of Bernalillo County, explained that Bernalillo County's main problem is the county jail, which takes up almost one-third of the county's operating budget. He noted that an increase in the gross receipts tax would allow the county to address the problems faced by the county in operating the jail, including the increase in new inmates and overcrowding.

Bruce Perlman, chief administrative officer for the City of Albuquerque, listed projects in Albuquerque that the New Mexico Finance Authority (NMFA) has helped fund. This list includes the Isotopes Stadium, solid waste vehicles and a convention center. Mr. Perlman plans to ask the NMFA to help fund a new events center, a commercial/residential community and a streetcar project as well.

Mark Heinrich, Albuquerque city councilor, also welcomed committee members to Albuquerque. Committee members asked questions of the panel and clarified issues.

Jack Thomas, Sandoval County commissioner, stated that the county is burdened with too many houses, cars and prisons, with too much trash and not enough water. He described several capital projects that would benefit Sandoval County and create jobs, such as alternative roadways; a new transportation center; a facility to turn green waste and sludge into usable byproducts; and a desalinization plant to make brackish water drinkable. He also noted that the state should be required to share in the costs of prisoner care.

Debbie Hays, county manager for Sandoval County, explained the county's broadband project. The county funded \$2 million, and the state funded \$1 million of the project.

Kevin Jackson, Mayor of Rio Rancho, and Larry Naranjo of Rio Rancho welcomed the committee.

Rio Rancho City Manager Jim Palenick reported that Rio Rancho is growing so quickly that increasing public services fast enough has been a challenge. Currently, Rio Rancho is working on a city center downtown, a high school, a multipurpose center, a new city hall, new streets, additional water and sewer services, a University of New Mexico satellite campus and Lion's Gate Studios. Discussion ensued regarding Rio Rancho's legislative priorities, the need for regionalization and Rio Rancho's level of bonding and efforts to be self-supporting.

Bob Ayre, Torrance County manager, addressed some problems his county faces, noting that medical attention for prisoners is very costly. The county's revenue is less than half of the prison's operating budget. Mr. Ayre also anticipates asking the NMFA for assistance in funding the completion of the county's new fire station. Delays in construction have caused an \$81,000 shortfall in the budget for this project. The county also needs approximately \$300,000 for a new animal shelter.

Francisco Apodaca, manager for Valencia County, said his county is growing very rapidly and that building infrastructure to meet the added population is a problem. Roads and schools and a new judicial complex are under construction. The county will be asking the residents in the next general election to approve a mill levy to build a hospital.

John Pate, architect for the City of Tijeras, addressed the committee on behalf of Mayor Gloria Chavez. He emphasized the need to connect to a water system. He also spoke about building a veterans' memorial, improving a historic church and building an arroyo crossing.

Committee members asked questions of the panel and clarified issues.

Art Mondragon, director of community development for Los Lunas, described the city's legislative priorities, including immediate funding and agency coordination to fast track intersection improvements along SR 6, continued support of the signal synchronization project, support of the intermodal transportation center and long-term support of a new interchange and corridor connection to NM 47.

Tour of Rail Runner Operation and Bueno Foods Processing Plant, Review of Current Status of Rail Runner Project

Mr. Rael described the current status of the Rail Runner project and the projected phase two of the project. The committee boarded the Rail Runner, riding from the Albuquerque station to Bernalillo and back. The committee toured the Bueno Foods processing plant and heard from the New Mexico Chili Association on the status of the chili industry.

Overview of Local Capital Projects and Capital Needs, Continued

Patricia Chavez, mayor of the town of Bernalillo, explained Bernalillo's legislative priorities, including arsenic abatement, municipal water system improvements, a westside public safety building, a multimodal transportation center, water rights acquisitions and a veterans' memorial. Steve Jerge, Bernalillo town administrator, stood for questions with Mayor Chavez.

Discussion ensued regarding the additional challenges faced by Bernalillo due to the fact that a number of congressional districts converge in Bernalillo.

Flood Control Issues

Tim Eikenberg, chair of the Albuquerque Metropolitan Arroyo Flood Control Authority (AMAFCA), explained AMAFCA's function, purpose and goals.

John Kelly, executive engineer for AMAFCA, provided a brief history of AMAFCA, noting that AMAFCA started out in 1963 to be the local sponsor for the Army Corps of Engineers. Initially, AMAFCA built the north and south diversion channels, which it continues to maintain and operate. It has continued by building and maintaining 48 miles of improved channels, 60 miles of natural arroyos, 12 miles of underground conduit, 34 flood control dams and 16 miles of dam embankment. Mr. Kelly described challenges that AMAFCA faces, such as aesthetics, multiple-use considerations, Environmental Protection Agency storm water quality regulations, funding for facility operation and management and funding for new construction. He also explained the current district taxes and assessed valuation.

Mr. Eikenberg indicated that AMAFCA will propose legislation in the upcoming session to increase its maximum debt authority. He emphasized that by stretching AMAFCA's current bonds from five to seven years and maintaining debt service on the mill levy, AMAFCA can ask for this authority. He also noted that AMAFCA's credit rating is the highest in the state of any government agency.

Tax Increment Financing (TIF) and Mesa del Sol

Tom Horan, lobbyist for Mesa del Sol, introduced the chief executive officer of Mesa del Sol, Mike Daly. Mr. Daly described TIF as a tool to create infrastructure, allowing New Mexico to compete with other states to bring major companies to this state. The Mesa del Sol project has already brought 3,500 jobs to the state. Mr. Daly gave the committee an update about the development, noting that \$35 million in private funds have already been invested in Mesa del Sol, that University Boulevard has been completed and that its first tenant, Advent Solar, is due to move in soon. Mr. Daly emphasized how instrumental TIF will be to create development at Mesa del Sol. Examples cited include Albuquerque Studios, where Mesa del Sol sold the property for \$3 million but incurred costs of \$8 million to build roads to the property.

Discussion ensued regarding environmental issues and a concrete plant near the Mesa del Sol project. Committee members also expressed concern regarding having University Boulevard go through an existing African American community.

Land, Wildlife and Clean Energy Act Proposal

Reese Fullerton, deputy secretary of energy, minerals and natural resources, explained and advocated for the Land, Wildlife and Clean Energy Act that was introduced in the 2006 session. The bill would create a permanent source of funding for land, wildlife and clean energy projects by requiring that a portion of the oil and gas conservation tax be set aside for the fund. Projects would be selected by a board that would be attached administratively to the Energy, Minerals and Natural Resources Department.

Mark Valenzuela, director of intergovernmental relations for the NMFA, analyzed the legislation and explained the bonding process, noting that a projected \$100 million in bonds could be issued based on the funding stream.

The committee expressed concern that the proposed legislation does not allow for legislative input or oversight; that the executive branch would have complete control over which projects are funded; and that the lack of legislative oversight would take the appropriation function away from the legislature. The committee also noted that the bill could allow extreme environmentalists too much power and that legislation is already in place that allows groups like the World Wildlife Fund and the Sierra Club to buy land and serve the functions designated in House Bill 188.

NMFA Updates and Issues

William Sisneros, chief executive officer for the NMFA, explained the Smart Money Initiative, which was signed into law in 2003. The New Mexico Economic Development Department (NMEDD) and the NMFA would partner to further New Mexico's economic development. More than 150 smart partner banks invest loan funds into projects selected by the NMEDD. Currently, geographic dispersion, industry diversity and over 700 jobs have been created with the Smart Money Initiative. Over \$4 million has been committed for the program. Mr. Sisneros asked for an additional \$30 million from the state for the Economic Development Revolving Fund.

The committee recessed at 5:33 p.m.

Wednesday, September 20

The committee reconvened at 8:55 a.m. at the Mid-Region Council of Governments in Albuquerque.

Call to Order

Senator Papen welcomed the committee back and outlined the agenda and itinerary for the facilities to be toured.

Tour of Local Projects Funded Through the NMFA

Committee members and staff boarded the bus and toured Mesa del Sol, the Coors/I-40 interchange, the San Juan-Chama Project Water Plant and the University of New Mexico Hospital. The bus returned to the MR-COG.

Adjournment

There being no further business, Senator Papen adjourned the meeting at 1:10 p.m.

**MINUTES
of the
SIXTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**October 4, 2006
Vado/Del Cerro Community Center
180 La Fe Avenue
Vado**

**October 5, 2006
Pancho Villa State Park
Columbus**

**October 6, 2006
Mimbres Valley Learning Center
2300 East Pine
Deming**

The sixth meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papen, chair, on Wednesday, October 4, 2006, at 9:20 a.m. at the Vado/Del Cerro Community Center in Vado, New Mexico.

Present

Sen. Mary Kay Papen, Chair
Rep. Daniel P. Silva, Vice Chair
Rep. Daniel R. Foley (October 4-5)
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Jane E. Powdrell-Culbert (October 5-6)
Rep. Henry "Kiki" Saavedra
Rep. Joe M Stell
Rep. Don L. Tripp

Advisory Members

Rep. Jose A. Campos (October 4-5)
Rep. Ernest H. Chavez
Rep. Anna M. Crook (October 5-6)
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia (October 4)
Sen. Leonard Lee Rawson (October 4, 6)
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton (October 5-6)
Sen. James G. Taylor

Absent

Sen. Joseph J. Carraro
Rep. Patricia A. Lundstrom
Sen. Lidio G. Rainaldi
Sen. Shannon Robinson
Sen. Nancy Rodriguez
Sen. H. Diane Snyder
Rep. Richard D. Vigil

Sen. Vernon D. Asbill
Rep. Hector H. Balderas
Sen. Pete Campos
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. Ben Lujan
Sen. Richard C. Martinez
Sen. Steven P. Neville
Rep. Luciano "Lucky" Varela

(Attendance dates are noted for members not present for all days of the meeting.)

Staff

Cleo Griffith
Doris Faust
Lindsey Bilovesky

Guests

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Wednesday, October 4

Welcome and Introductions

Senator Papen welcomed the committee to her district and introduced committee members to the public. She encouraged the attending public to sign up if they wanted to address the committee and announced that she will call speaker's names in the order they signed up.

Overview of Local Capital Projects and Capital Needs

Terrence Moore, Las Cruces city manager, and Robert Garza, Las Cruces assistant city manager, thanked the committee for the opportunity to discuss the capital needs of Las Cruces. Mr. Moore explained various projects that Las Cruces is working on, including: downtown revitalization, a police and firefighter training facility, east and west mesa development and increased housing. Mr. Garza reported that the NMFA is currently funding water-related projects in and around Las Cruces. Mr. Garza and Mr. Moore explained that they will be working with the NMFA to obtain funding for a convention center as well. Committee members asked questions of the panel regarding revenue streams for requested bond funding and anticipated time lines for project completion.

Judd Nordyke, mayor of Hatch, described Hatch's legislative funding priorities for the upcoming session. Mayor Nordyke explained that excessive flooding devastated Hatch. Creation and funding of the Placitas Arroyo Flood Control District would help alleviate this problem. Mayor Nordyke also mentioned that Hatch will seek funding from the state to expand the Dona Ana County free-trade zone and create a business improvement district. A public safety/judicial building is under construction, but floods have pushed the completion date back. Hatch's swim training facility is nearly completed, but an additional \$200,000 is needed to finish the project. Mayor Nordyke said street improvements and wastewater treatment improvements are both in the design phase.

Committee members asked questions of Mayor Nordyke regarding population growth in Hatch, the possibility of grants to repair flood damage and projected income streams for bond issues. Mayor Nordyke showed the committee photos of the Hatch floods.

Michael Cadena, mayor of Mesilla, thanked the committee for prior legislative support for his community and reported that Mesilla's legislative priority is funding to repair or upgrade infrastructure, including several streets in need of repair. He described streets in Mesilla that have been severely damaged by flooding that will require approximately \$1.5 million to repair. He also wants to build a municipal board room that would accommodate 30 percent more residents. Mayor Cadena emphasized that Mesilla needs to upgrade its wells and water storage to better serve its customers. A new public safety building has also been requested, which would

house the Mesilla marshal and the fire department. Mayor Cadena's legislative requests total approximately \$7 million. Discussion ensued regarding Mesilla's gross receipts tax (GRT) income and Mesilla's status as a historic town.

Ralph Lopez, representing the colonias of Berino and Bosque, asked the committee for help in repairing Berino Road. Flooding has eroded the thoroughfare, making it difficult for residents to get to work and school. Mr. Lopez also asked for funding for a community center. Jorge Granados, spokesperson for Dona Ana County Facilities and Parks, addressed Mr. Lopez's request and reported that Dona Ana County will begin work on the road shortly.

Martin Lopez, spokesperson for the Lower Rio Grande Mutual Domestic Water Association, requested funding for a regional planning and feasibility study, a regional treatment facility, a distribution system and a regional sewer line extension. The total appropriation to complete all of the projects would be approximately \$20 million. Committee members clarified issues raised by the water association's requests.

Arturo Uribe, spokesperson for the New Mexico Progressive Alliance for Community, spoke to the committee about Mesquite's problem with water contamination and local environmental issues. Mr. Uribe claimed that Helena Chemical Company, a nearby fertilizer plant, is contaminating the local environment and is emitting pollutants in excess of the state regulations. He said these pollutants are causing birth defects and respiratory health problems within the community, noting that nitrate levels are very high near the plant, and that there are residences within 17 feet of the plant. Mr. Uribe asked the committee to put pressure on the Department of Environment to enforce its regulations, and asked for more funding for border health issues. Discussion ensued regarding Helena Chemical Company's operations in New Mexico and other states, the fertilizers, fungicides and pesticides stored at and distributed from the plant and the number of New Mexicans employed by Helena Chemical Company.

During the course of questions and discussion by committee members, Senator Garcia moved, and Senator Taylor seconded, a motion that the committee write Governor Richardson, David Abbey, director of the Legislative Finance Committee, and Ron Curry, secretary of environment, regarding Helena Chemical Company. The motion passed without opposition.

Clifford Terry, Las Cruces Homeowner's Association, spoke on behalf of Picacho Hills and Coronado Ridge Estates. He described extensive flood damage to the neighborhoods and asked for an allocation of \$5 million to redirect the water, build a storm drain and construct concrete channels in his community. He cautioned lawmakers against state construction of culverts on the basis that they clog too easily and urged legislators to consider enacting a moratorium on building on hillsides or areas prone to flooding.

Dona Ana County commissioners Oscar Vasquez-Butler and Dolores Saldana-Caviness reported that the recent heavy rains brought to light many new issues. Dona Ana County is working on creating and implementing a drainage plan and a comprehensive plan to deal with growth and arroyo control issues. Dona Ana County would like help from state government to deal with these issues. Dona Ana County's other priorities are the same as those outlined in Governor Richardson's colonias initiative, and the county will seek funding to work on these problems as well. The commissioners asked the committee to consider tighter development restrictions to prevent developers from building communities that turn into colonias because they

lack the proper infrastructure. Discussion ensued regarding the county's ability to generate tax revenue and Senator Harden requested information pertaining to GRT that are collected and dispersed to colonias.

Ray Valdez, spokesperson for the Chaparral Health Council, asked for long-term funding to proceed with the education of his community. Mr. Valdez stated that community organization is key to improving health care.

Mariano G. Martinez, general manager for the Dona Ana Mutual Domestic Water Consumer's Association, described the North Valley regional water and wastewater projects. Mr. Martinez's five legislative priorities include: West Hatfield/El Camino Real water system improvements, Armstrong/Engler water system improvements, Fairacres water distribution improvements, regional water reclamation and a regional wastewater collection system. Mr. Martinez explained the association's partnership with the NMFA. Judge Valentine's concern that three times more water rights are being appropriated than are being adjudicated was discussed.

Mr. Bustamante, representing the community of Roddy, reported that his community's priority is to provide natural gas service to residents. At the present time, Roddy has only one gas line, which serves eight families. Drainage is also an issue for the community. Roddy is trying to incorporate as a village, but has not completed that process.

Natalia Mercado, advocate for migrant workers' health, asked the legislature for funding to help extend health services to migrant workers' children. Senator Papen explained that the state legislature cannot fund nonprofit 501(c) (3) organizations and she directed Ms. Mercado to the federal Department of Health and Human Services.

Victor Montoya, spokesperson for Moving Anthony Forward, explained that Anthony is in the unique position of having the Texas/New Mexico state line running directly through town. Mr. Montoya said all of the GRT and development takes place on the Texas side, and asked for funding to improve New Mexico's portion of Anthony. Mr. Montoya also reported that Anthony's gas lines are not functioning properly and that a local dam may break if flood water is not redirected soon.

The committee also heard from a resident of Del Cerro, who asked for funding for the roads in Del Cerro. She reported that children have difficulty getting to school when it rains and described the problems Del Cerro faces with the dairy community. The dust and smell pose health problems, especially for the children.

Manuel Garcia, Dona Ana County resident, explained that his community needs a new sewer and wastewater system. Mr. Granados addressed Mr. Garcia's complaint, reporting that the process has fallen one month behind schedule, but the contract to build the wastewater system will be awarded in the middle of October.

The committee then toured of a number of local colonias, including Del Cerro, Mesquite and Las Palmeras, which is currently an "E" class colonias. Las Palmeras is planning on paving its roads and would thereafter be upgraded to an "A" class colonias.

Overview of Local Capital Projects and Capital Needs Continued

Ruben Segura, mayor of Sunland Park, reported that Sunland Park is working to create a community identity and to develop an economic strategy for community enhancement. Sunland Park is working closely with the Verde Group to bring businesses to the area. Mayor Segura also discussed the difficulties his town faces being on the Mexico/New Mexico border. Border traffic is slow, but extending border crossing hours would help dramatically. Mayor Segura noted that his community is the fastest-growing community in the state, but its budget and infrastructure are not keeping pace with the increase in population. He praised the Sunland Park Racetrack and Casino for its contributions to the community. Mayor Segura's legislative priorities include arsenic/uranium abatement, more sidewalks and a water treatment plant/water system.

Discussion ensued regarding border and immigration issues, the 700-mile border fence proposed by the federal government, water issues and GRT issues.

Governmental Gross Receipts Tax Deduction for Special Events at University Venues

Dominic Silva, New Mexico State University (NMSU) lobbyist, presented draft legislation that seeks to exempt GRT from being paid on receipts from admissions to nonathletic special events at NMSU. He explained that NMSU's Pan-American Center is losing revenue because of the current tax laws.

Will Lofdahl, director of NMSU special events, emphasized the importance of being competitive with other nearby venues. He stated that NMSU currently has a competitive disadvantage due to the imposed GRT. Event promoters are setting up concerts in El Paso, Texas, because they do not have to pay this tax in Texas. Mr. Lofdahl said that this is causing NMSU to bring in fewer, lower-quality shows.

Representative Joni Gutierrez noted that NMSU is a publicly funded school so the GRT is considered governmental gross receipts tax (GGRT). She understands that the money brought in from the GGRT has already been pledged on bonds issued by the NMFA. Representative Gutierrez says she does not want to hurt the NMFA's bond rating, she just wants to bring in more development.

William Sisneros, director of the NMFA, explained that the NMFA is required to disclose any change in a bond, even a minor impairment. Mr. Sisneros stated that if NMSU obtains an exemption on the GGRT, and when he discloses this information to the bond holders, it would be perceived as an impairment on the bond. This could ultimately hurt the NMFA's reputation and bond rating.

Mark Valenzuela, director of intergovernmental relations for the NMFA, said that this bill presents a difficult issue for the NMFA. While the NMFA supports the goal of creating pricing parity between NMSU and the University of Texas-El Paso, a proposed impairment of any NMFA bond is a problem. He elaborated on the proposed bill, noting that although the bill calls for a GRT deduction, NMSU actually wants to exempt the portion of the GGRT brought in from ticket sales. This would have a definite impact on the GGRT revenue stream. Mr. Valenzuela emphasized that the NMFA is committed to working with NMSU to reach a solution to the problem. He suggested hiring bond counsel to confirm that the bill would in fact constitute an impairment on NMFA bonds, and also recommended studying the impact over time and developing a process to make this bill revenue neutral.

Review of Border Authority Activities

Jaime Campos, executive director of the New Mexico Border Authority, described the trends in border port-of-entry traffic and trade. He said that commercial trade along the border continues to increase. In the last year, trade increased 12 percent. Mr. Campos stated that used motor vehicles are the leading export and that livestock are the leading import. Traffic at the Santa Teresa, Columbus and Antelope Wells ports of entry is steadily increasing as well. Mr. Campos discussed the individual needs of each port.

Rick Homans, secretary of economic development, and chair of the New Mexico Border Authority, reported that United States Senator Jeff Bingaman has been involved in extending border crossing hours to increase trade and decrease traffic congestion. Since any change in border crossing hours on the New Mexico side requires a corresponding change in Mexico, there has been a lot of choreography between the United States and Mexico on this issue.

Secretary Homans is also working with Texas in support of the Union Pacific Railroad project in El Paso. An intermodal ramp that will expedite intermodal freight travel is in the design phase. Union Pacific is investing \$150 million in a new refueling and switching yard four miles west of Santa Teresa. This is anticipated to have a tremendous positive economic impact, and may generate expansion of warehousing and light industry in the area. The committee discussed the cost of increased use of railroad tracks and how this plan will affect Columbus.

Kelly O'Donnell recommended that it would be good tax policy to remove the GRT on railroad fuel. The exemption would benefit economic development in the state.

Spaceport Authority Update

Secretary Homans briefed the committee on the spaceport, reporting that Spaceport Authority administration and technical support are growing. A new environmental impact study consultant will be hired soon. The technical partnership between White Sands Missile Range and the Spaceport Authority, which is key to the spaceport's success, has been renewed. Secretary Homans updated the committee on the design and construction of the spaceport, reporting that the land acquisition process is already in the works, and that temporary and permanent access roads are being built. The Spaceport Authority has completed a water study determining that adequate water for the spaceport needs to be developed. The spaceport also needs to reach agreements with local ranchers and with the State Land Office on water issues. Secretary Homans also discussed the potential for federal funding and talked about state funding through the GRIP project.

The committee recessed at 5:43 p.m.

Thursday, October 5

The committee reconvened at 9:58 a.m. at Pancho Villa State Park in Columbus, New Mexico.

Welcome and Introductions

Senator Papen welcomed the committee back and invited Representative Irwin to chair the meeting. Representative Irwin welcomed committee members to her district and asked members to introduce themselves.

Eddie Espinosa, mayor of Columbus, welcomed the committee to Columbus. He described some of the problems that Columbus faces, including the lack of affordable housing, the recent flooding that damaged parts of the town, the lack of infrastructure and lack of clean drinking water. Residents must get their drinking water from a single spigot at city hall. Mayor Espinosa said 77 percent of Columbus' 2,000 residents are at or below the poverty rate, noting that the only major employers are the state park and the school system. High school students must be bused to Deming because Columbus does not yet have a high school. Mayor Espinosa remains confident that the community could support a AA high school that would flourish. Another of Mayor Espinosa's legislative priorities is the addition of a code enforcement officer to Columbus. On a positive note, Mayor Espinosa said Columbus is home to the only 24-hour port in the state.

Sylvia Brenner, spokesperson for Pancho Villa State Park, welcomed the committee to Pancho Villa State Park, and provided a wealth of information on the park and its history. Ms. Brenner also reported that the park is very involved in community service in the area, especially with the school system.

Border Security Issues

Eddie Flores, captain of New Mexico State Police District 12, described some of the changes that have occurred in the border region since Governor Richardson's declaration of emergency. Captain Flores reported that his agency has an excellent working relationship with the border patrol, and that as cooperation among law enforcement agencies has increased, the response time to emergency calls has decreased. He touched on the subject of border crossing deaths, noting that while his department's focus is to provide police service, the New Mexico State Police is also concerned with preventing death or injury to those crossing the border. His officers are not charged with the task of handling immigration issues, but they routinely check on people found in the desert to determine whether those people need emergency assistance. Captain Flores added that drug trafficking on the roads has decreased, but drug trafficking on foot has increased.

Discussion ensued regarding police procedures for stopping individuals found walking in remote desert areas, in which it was noted that police procedure in the border region is consistent with procedure in all other areas of the state. The committee also discussed the minuteman groups that have converged in the border region. State law enforcement responds to calls made by the minutemen, but does not treat the minutemen different from any other citizens, and does not seek assistance from the minutemen.

Kenny Montoya, brigadier general for the New Mexico National Guard, noted that border and immigration control is primarily a federal problem, not a state problem. State funding will not help unless all 50 states get on board. The National Guard's border mission is to observe the border and to serve as the eyes and ears of the border patrol.

The New Mexico National Guard is made up of 70 percent permanent staff and 30 percent rotating staff from other states. Brigadier General Montoya is deploying many of the 700 to 900 guard members under his command to help secure the border and to slow drug trafficking. Guard members also work within the community, acting as role models for children in the public school system. Brigadier General Montoya believes border security has increased with implementation of vehicle barriers in high-traffic areas. Together, all law enforcement

agencies are working to secure the border, and to improve the Mexico/New Mexico border relationship.

The New Mexico National Guard troops that have been deployed overseas will return in December. Brigadier General Montoya noted that of the 23 New Mexico military deaths overseas, only one has been a guard member.

Jack Jeffreys, field operations supervisor with the Deming station of the United States Border Patrol, reported that staffing has increased to 220 agents locally, with more agents enrolled in the academy, and 150 National Guard troops assigned to border control. He explained that after the declaration of border emergency, the Deming office has decreased the border region it patrols from 52 to 47 miles. This small decrease has helped the border patrol concentrate on harder-hit areas. Although the lack of infrastructure and cameras make it more difficult to control certain areas of the border, Mr. Jeffreys emphasized that the National Guard has been instrumental in the border patrol's ability to regain control of very remote areas.

Human and drug trafficking used to be very separate, but now they are mixed together, which creates a new problem for the border patrol. Border checkpoints are helping tremendously. Suspicious cars or persons are now referred to a secondary agent to keep traffic moving more quickly. In only one year, the apprehension of illegal immigrants has decreased from 4,447 to 1,315. Agent Jeffreys attributes this decline to the increase in staff and the 13.5 miles of border barriers. Agent Jeffreys described Operation Lightning Strike, which targets high-traffic areas of the border.

The panel reported that recruiting new border control agents and National Guard troops has been difficult and requested aid from the legislature in this area.

Bus Tour of the Border

The committee toured the border region, including Columbus, sections of the border known for heavy illegal immigrant traffic, National Guard observation towers, the Johnson Ranch and the Palomas border crossing.

Friday, October 6

The committee reconvened at 9:10 a.m. at the Mimbres Valley Learning Center in Deming, New Mexico.

Overview of Local Capital Needs

Linda Enis, Deming city councilor, welcomed the committee to Deming. She described the critical housing shortage in Deming, reporting that even Deming's hotels are full because about 200 National Guard troops are living in them. Many of National Guard troops have their families with them, which adds to the congestion. Increasing the availability of affordable housing is one of Deming's primary goals. Deming has approximately 194 homeless children currently enrolled in school and about 75 of their families qualify for housing vouchers. However, there are no vacant houses or apartments that Deming can place them in. Deming recently corrected a technical error in its application for assistance through the Mortgage Finance Authority and now qualifies for assistance.

Rick Holdridge, Luna County Commission chair, reported strong growth in Luna County, and described new projects that are in the works in Deming, including: expanding the learning center, renovating the old depot, remodeling a museum and remodeling the courthouse. Commissioner Holdridge also mentioned the possibility of a new golf course/community and an Indian casino on a small piece of tribal land near Deming.

The committee and panelists discussed the problems faced by the border communities, including the affordable housing shortage caused in part by an increased National Guard presence, the cost of housing prisoners, the cost of providing medical services to illegal immigrants and the cost of providing EMT services to remote areas. These problems impose an increased financial burden on the border regions, with no corresponding increase in federal funding.

Joe Nestor Chavez, lobbyist for Luna County, requested that the committee introduce a joint memorial asking the federal government for greater assistance in the border issues. Staff will prepare the memorial for review by the committee at the next meeting.

Proposed NMFA Legislation

Mr. Valenzuela and Mr. Sisneros presented, in concept form, the NMFA's legislative agenda for the 2007 legislative session. Draft bills will be presented at the November meeting of the committee. Appropriation requests will include a \$30 million appropriation for the SMART Money Initiative and a \$2 million state match to go to the Drinking Water Revolving Loan Fund.

Mr. Valenzuela also explained several bills needing authorization from the committee, such as the Public Project Revolving Loan Fund, the SMART Money Initiative and the Local Transportation Infrastructure Fund. Mr. Valenzuela recommended that the committee endorse an amendment to the Local Transportation Infrastructure Fund laws that would provide for legislative authorization of projects before any money is appropriated.

Adjournment

There being no other business, Senator Papen adjourned the meeting at 11:32 a.m.

**MINUTES
of the
SEVENTH MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**November 28, 2006
State Capitol, Room 307
Santa Fe**

The seventh meeting of the New Mexico Finance Authority (NMFA) Oversight Committee for the 2006 interim was called to order by Senator Mary Kay Papen, chair, on Tuesday, November 28, 2006, at 9:10 a.m. in Room 307 of the State Capitol in Santa Fe, New Mexico.

Present

Sen. Mary Kay Papen, Chair
Rep. Daniel P. Silva, Vice-Chair
Sen. Joseph J. Carraro
Sen. Clinton D. Harden, Jr.
Rep. Dona G. Irwin
Rep. Jane E. Powdrell-Culbert
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Sen. H. Diane Snyder
Rep. Joe M Stell
Rep. Richard D. Vigil

Advisory Members

Sen. Vernon D. Asbill
Rep. Hector H. Balderas
Rep. Jose A. Campos
Rep. Anna M. Crook
Sen. Dianna J. Duran
Rep. Mary Helen Garcia
Sen. Mary Jane M. Garcia
Rep. Roberto "Bobby" J. Gonzales
Rep. Ben Lujan
Sen. Richard C. Martinez
Sen. Leonard Lee Rawson
Rep. Edward C. Sandoval
Rep. Sheryl Williams Stapleton
Sen. James G. Taylor

Staff

Cleo Griffith
Doris Faust
Lindsey Bilovesky

Guests

Absent

Rep. Daniel R. Foley
Rep. Patricia A. Lundstrom
Sen. Lidio G. Rainaldi
Sen. Shannon Robinson
Rep. Don L. Tripp

Sen. Pete Campos
Rep. Ernest H. Chavez
Sen. Kent L. Cravens
Sen. Joseph A. Fidel
Sen. Stuart Ingle
Sen. Steven P. Neville
Rep. Luciano "Lucky" Varela

The guest list is in the meeting file.

Copies of all handouts are in the meeting file.

Tuesday, November 28

Welcome and Introductions

Senator Papen welcomed the committee and introduced committee members to the public.

Proposed Rules for Behavioral Health Capital Fund

Mark Valenzuela, NMFA director of intergovernmental relations, presented a history and perspective of the Behavioral Health Capital Fund, reporting that the fund has been very successful. The purpose of the Behavioral Health Capital Fund is to provide funding for capital projects to nonprofit providers in order to increase behavioral health care services to sick and indigent patients.

Catherine Hebenstreit, spokeswoman for the Santa Fe chapter of the Clubhouse organization, described the Santa Fe Clubhouse as a program designed to assist people recovering from mental illness, and people who need a way of focusing themselves. The Clubhouse is a day program whose goal is to teach work skills and to get people with a history of mental illness into the workforce. The program has proven cost effective in other communities, as evidenced by studies showing that Clubhouse member hospitalizations are reduced by 67 percent, and the length of stay in hospitals is reduced by an average of 97 percent. The cost per person per day for the Clubhouse program is substantially less than the cost per person per day for incarceration or hospitalization. The Santa Fe Clubhouse is currently up and running on a modified basis but is looking for funding for a building.

Joseph McDonald, a Santa Fe Clubhouse volunteer, described how the Clubhouse changed his life.

Marquita Russel and Traci Davis, NMFA staff, outlined the proposed Behavioral Health Capital Fund rules. The fund is administered jointly by the NMFA and the Department of Health. Loans are made to entities recommended by the Department of Health at an interest rate of three percent, for terms of up to 15 years. Up to 20 percent of annual principle and interest can be forgiven in exchange for services rendered to indigent patients. Funds are directed primarily to rural and medically underserved communities.

Upon questioning by the committee, discussion ensued regarding the qualifications necessary for an entity to qualify for funds through the program, and possible funding streams for applicants.

Presentation of Award to Representative Joe M Stell

William Sisneros, NMFA chief executive officer, presented an award to Representative Stell in thanks for his many years of service. Representative Stell thanked the NMFA and the committee.

Committee Business

Representative Vigil moved to approve the minutes from the August, September and October meetings. Representative Silva seconded. All minutes were approved without opposition.

Statutory Changes to the Local Transportation Infrastructure Fund

Mark Valenzuela presented an overview of the Local Transportation Infrastructure Fund (LTIF) and proposed statutory changes to the program. The LTIF allows the NMFA to issue bonds based on the funding stream provided by Governor Richardson's Investment Partnership (GRIP) administrative fees. Local governments receive grants of 25 percent of their project and loans of 75 percent of their projects. The NMFA works with the State Transportation Commission, which provides a list of eligible LTIF projects each year.

Rhonda G. Faught, secretary of transportation, addressed committee questions regarding road maintenance, the possibility of setting up a long-term road maintenance fund and possible permanent funding streams for road maintenance such as toll roads. The committee noted that one of the sticking points with LTIF has been the fact that the Department of Transportation prioritizes projects and that there is no legislative oversight of LTIF project selection. Secretary Faught indicated that local governments, not her department, prioritize projects. She also noted that legislative oversight of project selection will cause delay in project funding and that funds would not be disbursed until the following year. This may not be a big problem, since local governments will just have to submit their lists earlier.

Proposal on NMFA Operating Budget

Mr. Sisneros reviewed the NMFA operating budget with the assistance of Jerome Trojan, NMFA chief operating officer, and Joe Gosline, NMFA chief financial officer. Mr. Sisneros reported that the NMFA's focus is on being a policy-driven organization. Policies are drafted and in place, and NMFA management is now ensuring that the policies are in line with legislative intent. Mr. Trojan has reviewed every department within the NMFA to ensure that they are following NMFA policy.

Mr. Sisneros reported that the NMFA has received clean audits and that Standard and Poors has upgraded NMFA bond ratings by two grades. He reviewed some of the NMFA's programs, such as the New Markets Tax Credit program and the SMART money program, while emphasizing that the NMFA has not lost sight of its original function. A local government that needs a fire truck still gets more service than any other NMFA client.

Mr. Sisneros reviewed the NMFA 2006 operations budget of approximately \$6.6 million and compared the 2006 budget to prior years. NMFA operating funds derive from the cigarette tax, administrative fees and investment income. The NMFA is working on controlling costs; towards that end, it is in the process of hiring an in-house attorney and support staff to reduce legal costs. The NMFA's strong financial position has also allowed it to reduce insurance costs by 50 basis points.

The committee discussed the NMFA's reserve balances, possible expansion of programs, concerns regarding the creation of too much debt in local governments and NMFA long-term goals. Upon request by Senator Rawson, Mr. Sisneros agreed to provide the committee with copies of the NMFA audit for last year. On completion of the current audit, the NMFA will provide copies for the current fiscal year as well.

Proposal for New Mexico Renewable Energy Transmission Authority

Representative Campos and Joanna Prukop, secretary of energy, minerals and natural resources, presented a proposal for a New Mexico Renewable Energy Transmission Authority and discussed the goal of using renewable resources to generate 6,500 megawatts of energy. Secretary Prukop reported that New Mexico is able to supply its own energy needs and has an enormous opportunity to export power to other states. However, New Mexico is currently handicapped in its ability to sell power by a lack of transmission infrastructure.

Upon questioning by the committee, the presenters discussed infrastructure security, the location of proposed windmill power generation sites, solar energy, the environmental community's support of the renewable energy proposal and potential job growth created by renewable energy generation.

Update on Request for Gross Receipts Tax Deduction for Ticket Sales for Special Events at University Venues

Lobbyist Dave Kimball and Will Lofdahl, director of special events at New Mexico State University, reported to the committee regarding a bill to provide a deduction from gross receipts for receipts from admissions to certain events at certain higher educational institutions. The current bill has resolved the NMFA's earlier concerns regarding impairment of bonds.

Review of Proposed Legislation for Committee Endorsement

The committee endorsed the following bills:

- * an authorization bill for the public project revolving fund identifying projects to be funded, to be sponsored by Senator Garcia;
- * an authorization bill for the Economic Development Revolving Fund, identifying projects to be funded, to be sponsored by Senators Papen and Asbill and by Representatives Silva and Crook;
- * an appropriation of \$30 million to the Economic Development Revolving Fund, to be sponsored by Senator Papen and Representative Silva;
- * an appropriation of \$4 million for the drinking water system financing, to be sponsored by Senators Snyder and Taylor;
- * an authorization bill for the Water Project Fund, identifying projects to be funded, to be sponsored by Senator Taylor and by Representatives Gonzales, Powdrell-Culbert and Crook;
- * a joint memorial asking the federal government for greater funding to assist New Mexico with the disproportionate cost of handling border-related issues, to be sponsored by Representatives Irwin and Mary Helen Garcia;
- * a bill amending the New Mexico Finance Authority Act to add a requirement for legislative approval of TIF projects, to be sponsored by Representatives Silva and Lundstrom; and

* a gross receipts tax deduction for special events at New Mexico State University, to be sponsored by Senator Rawson and Representative Mary Helen Garcia.

Update on Mesa del Sol Proposal for State Gross Receipts Tax Increment Financing

Mike Daly, chief operations officer of Mesa del Sol, reported on progress in Mesa del Sol and on the positive impact that tax increment financing is having on the project. Advent Solar is already thinking about expanding, and Albuquerque Studios has endowed a chair at the University of New Mexico for digital media studies. Albuquerque Studios has also already attracted three other companies to New Mexico. University of New Mexico is a 15 percent partner in the Mesa del Sol land office and will participate in the appreciation of land values. Mr. Daly estimates that tax increment financing will have a positive impact of approximately \$564 million in the Mesa del Sol project alone.

Brian Harper, City of Las Cruces downtown coordinator, who also spoke in support of tax increment financing, reported that tax increment financing has been a key component in revitalizing Las Cruces' downtown area. Mr. Harper believes that the program will help all New Mexico communities.

Adjournment

There being no other business, Senator Papen adjourned the meeting at 2:40 p.m.

1 SENATE BILL

2 **48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

3 INTRODUCED BY

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7
8 FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

9
10 AN ACT

11 RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
12 AUTHORITY TO MAKE LOANS FOR PUBLIC PROJECTS FROM THE PUBLIC
13 PROJECT REVOLVING FUND; DECLARING AN EMERGENCY.

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

16 Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
17 provisions of Section 6-21-6 NMSA 1978, the legislature
18 authorizes the New Mexico finance authority to make loans from
19 the public project revolving fund to the following qualified
20 entities for the following public projects on terms and
21 conditions established by the authority:

22 1. to the city of Artesia in Eddy county for
23 equipment, building, infrastructure, refinancing, water,
24 wastewater, water rights, solid waste, road and land projects;

25 2. to the Aztec municipal school district in San

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1 Juan county for equipment, building, refinancing,
2 infrastructure and teacherage projects;

3 3. to the city of Aztec in San Juan county for
4 equipment, building, infrastructure, refinancing, water,
5 wastewater, water rights, solid waste, road and land projects;

6 4. to the Belen consolidated school district in
7 Valencia county for equipment, building, refinancing,
8 infrastructure and teacherage projects;

9 5. to the Bloomfield school district in San Juan
10 county for equipment, building, refinancing, infrastructure and
11 teacherage projects;

12 6. to the town of Carrizozo in Lincoln county for
13 building, equipment and infrastructure projects;

14 7. to the central consolidated school district in
15 San Juan county for equipment, building, refinancing,
16 infrastructure and teacherage projects;

17 8. to the village of Chama in Rio Arriba county for
18 equipment, building, infrastructure, refinancing, water,
19 wastewater, water rights, solid waste, road and land projects;

20 9. to the Chaves county-East Grand Plains volunteer
21 fire department for building, equipment and infrastructure
22 projects in Chaves county;

23 10. to the Cobre consolidated school district in
24 Grant county for equipment, building, refinancing, teacherage
25 and infrastructure projects;

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1 11. to the Deming public school district in Luna
2 county for equipment, building, refinancing, infrastructure and
3 teacherage projects;

4 12. to Eddy county-Happy Valley fire department for
5 building, equipment and infrastructure projects in Eddy county;

6 13. to Eddy county-La Huerta fire department for
7 building, equipment and infrastructure projects in Eddy county;

8 14. to the city of Espanola in Rio Arriba and Santa
9 Fe counties for equipment, building, infrastructure,
10 refinancing, water, wastewater, water rights, solid waste, road
11 and land projects;

12 15. to the Fort Sumner municipal school district in
13 DeBaca county for equipment, building, refinancing,
14 infrastructure and teacherage projects;

15 16. to the Jemez Valley public school district in
16 Sandoval county for equipment, building, refinancing,
17 infrastructure and teacherage projects;

18 17. to the town of Lake Arthur in Chaves county for
19 building, equipment and infrastructure projects;

20 18. to the city of Las Cruces in Dona Ana county
21 for equipment, building, infrastructure, refinancing, water,
22 wastewater, water rights, solid waste, road and land projects;

23 19. to Lincoln county for building, equipment and
24 infrastructure projects in Lincoln county;

25 20. to the Lovington municipal school district in

.164140.2

1 Lea county for equipment, building, refinancing, infrastructure
2 and teacherage projects;

3 21. to Luna county for equipment, building,
4 infrastructure, refinancing, water, wastewater, water rights,
5 solid waste, road and land projects in Luna county;

6 22. to the north central solid waste authority in
7 Rio Arriba county for equipment, building, refinancing, water,
8 wastewater, infrastructure and solid waste projects;

9 23. to the Ramah Navajo chapter in Cibola county
10 for equipment, building, refinancing, infrastructure, road,
11 land, water and wastewater projects;

12 24. to the Rio Rancho public school district in
13 Sandoval county for equipment, building, refinancing,
14 infrastructure and teacherage projects;

15 25. to the Ruidoso municipal school district in
16 Lincoln county for equipment, building, refinancing,
17 infrastructure and teacherage projects;

18 26. to the San Miguel county-Conchas Dam fire and
19 rescue department for building, equipment and infrastructure
20 projects in San Miguel county;

21 27. to the Sierra county-Arrey/Derry volunteer fire
22 department for building, equipment and infrastructure projects
23 in Sierra county;

24 28. to the Sierra county-Las Palomas fire
25 department for building, equipment and infrastructure projects

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1 in Sierra county;

2 29. to the Socorro consolidated school district in
3 Socorro county for equipment, building, refinancing,
4 infrastructure and teacherage projects;

5 30. to the town of Taos in Taos county for
6 equipment, building, infrastructure, refinancing, water,
7 wastewater, water rights, solid waste, road and land projects;

8 31. to Torrance county for building, equipment and
9 infrastructure projects in Torrance county; and

10 32. to the Tucumcari municipal school district in
11 Quay county for equipment, building, refinancing,
12 infrastructure and teacherage projects.

13 Section 2. VOIDING OF AUTHORIZATION.--If a qualified
14 entity listed in Section 1 of this act has not certified to the
15 New Mexico finance authority by the end of fiscal year 2009 its
16 desire to continue to pursue a loan from the public project
17 revolving fund for a public project listed in that section, the
18 legislative authorization granted to the New Mexico finance
19 authority by Section 1 of this act to make a loan from the
20 public project revolving fund to that qualified entity for that
21 public project is void.

22 Section 3. EMERGENCY.--It is necessary for the public
23 peace, health and safety that this act take effect immediately.
24
25

SENATE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO PROVIDE FINANCING ASSISTANCE FOR PRIVATE PROJECTS
FROM THE ECONOMIC DEVELOPMENT REVOLVING FUND; DECLARING AN
EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
provisions of Sections 6-25-6 and 6-25-13 NMSA 1978, the
legislature authorizes the New Mexico finance authority to
provide financing assistance from the economic development
revolving fund to eligible entities in the form of loan
participations with private lenders for up to forty-nine
percent of total individual project financing, not to exceed
five million dollars (\$5,000,000) per project, for the
following standard projects, subject to detailed analysis,

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1 final approval and specific terms and conditions established by
2 the authority:

- 3 1. a media development project in Bernalillo
4 county;
- 5 2. an equipment manufacturing facility in
6 Bernalillo county;
- 7 3. a hospitality and recreational facility in
8 Bernalillo county;
- 9 4. a hospitality and infrastructure project in
10 Bernalillo county;
- 11 5. a food product provider and retail sales project
12 in Bernalillo county;
- 13 6. a recreational, tourism and railroad project in
14 Bernalillo county;
- 15 7. an aerospace technology warehouse facility in
16 Bernalillo county;
- 17 8. a small business service provider in Bernalillo
18 county;
- 19 9. a mixed-use facility in Bernalillo county;
- 20 10. an alternative energy manufacturing and
21 generation facility in Bernalillo county;
- 22 11. a research and medical testing technology
23 project in Bernalillo county;
- 24 12. a renewable energy project in Bernalillo
25 county;

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13. a water purification project in Bernalillo county;
14. a medical equipment manufacturing facility in Bernalillo county;
15. a wood production project in Catron county;
16. a biomass production facility in Cibola county;
17. a biomass development project in Cibola county;
18. a wood products manufacturing project in Cibola county;
19. a mixed-use facility in Cibola county;
20. a recreational and agricultural project in Colfax county;
21. a wood products manufacturing project in Colfax county;
22. an alternative energy project in Curry county;
23. an agricultural processing project in Curry county;
24. an alternative energy project in Curry county;
25. a biomass project in Dona Ana county;
26. a food manufacturing project in Eddy county;
27. a food development and manufacturing facility in Eddy county;
28. a hospitality and entertainment project in Grant county;
29. an aerospace technology project in Grant

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1 county;

2 30. a metal manufacturing project in Harding

3 county;

4 31. an aquaculture project in Hidalgo county;

5 32. a food processing project in Hidalgo county;

6 33. a technology project in Lea county;

7 34. a food processing project in Lincoln county;

8 35. an alternative energy project in Los Alamos

9 county;

10 36. a hospitality project in Los Alamos county;

11 37. a mixed-use development project in Los Alamos

12 county;

13 38. a mixed-use development project in Los Alamos

14 county;

15 39. a mixed-use development project in Los Alamos

16 county;

17 40. a medical technology project in Los Alamos

18 county;

19 41. a medical technology project in Los Alamos

20 county;

21 42. a communications technology project in Los

22 Alamos county;

23 43. a high-technology data computation project in

24 Los Alamos county;

25 44. a research and development technology project

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1 in Los Alamos county;

2 45. a forestry project in Los Alamos county;

3 46. an alternative energy project in Luna county;

4 47. an alternative energy project in Luna county;

5 48. a renewable energy project in Luna county;

6 49. a low-technology environmental products

7 manufacturing project in McKinley county;

8 50. a specialty product manufacturing project in
9 Otero county;

10 51. a parts manufacturing project in Otero county;

11 52. an alternative energy production project in
12 Otero county;

13 53. an alternative energy manufacturing and
14 generation facility in Rio Arriba county;

15 54. a biomass production project in Rio Arriba
16 county;

17 55. an energy production facility in Roosevelt
18 county;

19 56. a renewable energy project in San Juan county;

20 57. a hospitality facility project in San Miguel
21 county;

22 58. a home decor production project in Sandoval
23 county;

24 59. a medical equipment manufacturing facility in
25 Sandoval county;

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- 1 60. a specialty product manufacturing project in
2 Sandoval county;
3 61. an aerospace technology project in Sandoval
4 county;
5 62. an air purification project in Santa Fe county;
6 63. an alternative energy manufacturing and
7 generation facility in Santa Fe county;
8 64. a medical equipment manufacturing facility in
9 Socorro county;
10 65. a specialized hospitality and recreational
11 project in Socorro county;
12 66. a personal care products manufacturing project
13 in Taos county;
14 67. a high-technology renewable energy facility in
15 Torrance county;
16 68. an educational facility project in Torrance
17 county; and
18 69. an alternative energy project in Torrance
19 county.

20 Section 2. EMERGENCY.--It is necessary for the public
21 peace, health and safety that this act take effect immediately.

SENATE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION TO THE ECONOMIC DEVELOPMENT REVOLVING
FUND; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Thirty million dollars
(\$30,000,000) is appropriated from the general fund to the
economic development revolving fund for expenditure in fiscal
year 2007 and subsequent fiscal years to make loans to
qualified businesses in New Mexico pursuant to the Statewide
Economic Development Finance Act. Any unexpended or
unencumbered balance remaining at the end of a fiscal year
shall not revert to the general fund.

Section 2. EMERGENCY.--It is necessary for the public
peace, health and safety that this act take effect immediately.

underscored material = new
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SENATE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

MAKING AN APPROPRIATION FOR DRINKING WATER SYSTEM FINANCING;
DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. APPROPRIATION.--Four million dollars
(\$4,000,000) is appropriated from the public project revolving
fund to the drinking water state revolving loan fund for
expenditure in fiscal year 2007 and subsequent fiscal years to
provide state matching funds for federal Safe Drinking Water
Act of 1974 projects and to carry out the purposes of the
Drinking Water State Revolving Loan Fund Act. Any unexpended
or unencumbered balance remaining at the end of a fiscal year
shall not revert to the public project revolving fund.

Section 2. EMERGENCY.--It is necessary for the public
peace, health and safety that this act take effect immediately.

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underscored material = new
[bracketed material] = delete

SENATE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; AUTHORIZING THE NEW MEXICO FINANCE
AUTHORITY TO MAKE LOANS OR GRANTS FROM THE WATER PROJECT FUND
FOR CERTAIN WATER PROJECTS; MAKING AN APPROPRIATION; DECLARING
AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. AUTHORIZATION OF PROJECTS.--Pursuant to the
provisions of Section 72-4A-9 NMSA 1978, the legislature
authorizes the New Mexico finance authority to make loans or
grants from the water project fund to the following qualified
entities for the following qualifying water projects on terms
and conditions established by the water trust board and the New
Mexico finance authority:

1. to the city of Alamogordo in Otero county for a
water project;

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1 2. to the city of Alamogordo in Otero county for a
2 water conservation and reuse project;

3 3. to Anthony water and sanitation district in Dona
4 Ana county for a water project;

5 4. to Blanco mutual domestic water consumers and
6 mutual sewage works association in San Juan county for a water
7 project;

8 5. to the city of Bloomfield in San Juan county for
9 a water project;

10 6. to Buckman direct diversion board in Santa Fe
11 county for a water project;

12 7. to the city of Carlsbad in Eddy county for a
13 water project;

14 8. to the Carnuel mutual domestic water and
15 wastewater consumers association in Bernalillo county for a
16 water project;

17 9. to the city of Deming in Luna county for a water
18 project;

19 10. to Claunch-Pinto soil and water conservation
20 district in Torrance county for a watershed restoration and
21 management project;

22 11. to the village of Columbus in Luna county for a
23 water project;

24 12. to Cuatro Villas mutual domestic water users
25 association in Santa Fe county for a regional water project;

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1 13. to Dona Ana mutual domestic water consumers
2 association in Dona Ana county for a water conservation and
3 reuse project;

4 14. to Dona Ana mutual domestic water consumers
5 association in Dona Ana county for a water project;

6 15. to El Prado water and sanitation district in
7 Taos county for a water project;

8 16. to El Rito water and wastewater association in
9 Rio Arriba county for a water project;

10 17. to Elephant Butte irrigation district in Sierra
11 county for a water conservation and reuse project;

12 18. to the city of Elephant Butte in Sierra county
13 for a water conservation and reuse project;

14 19. to the city of Clovis as fiscal agent for the
15 eastern New Mexico rural water authority in Curry county for a
16 regional water project;

17 20. to Guadalupe county for a water project;

18 21. to Los Alamos county for a water conservation
19 and reuse project;

20 22. to the city of Lovington in Lea county for a
21 water conservation and reuse project;

22 23. to the Navajo Nation division of natural
23 resources department of water resources water management branch
24 for a regional water project in Rio Arriba, Sandoval, McKinley,
25 San Juan and Cibola counties;

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1 24. to the surface water quality bureau of the
2 water and waste management division of the department of
3 environment as fiscal agent for the Valles Caldera trust in
4 Sandoval county for a watershed restoration and management
5 project;

6 25. to the office of natural resources trustee in
7 Bernalillo county for a watershed restoration and management
8 project;

9 26. to the city of Santa Fe in Santa Fe county for
10 a water conservation and reuse project;

11 27. to the southside water users association in San
12 Juan county for a water conservation and reuse project;

13 28. to the town of Taos in Taos county for a water
14 conservation and reuse project;

15 29. to the city of Tucumcari in Quay county for a
16 water conservation and reuse project; and

17 30. to Ute Creek soil and water conservation
18 district in Harding county for a watershed restoration and
19 management project.

20 Section 2. EMERGENCY.--It is necessary for the public
21 peace, health and safety that this act take effect immediately.

HOUSE JOINT MEMORIAL

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

A JOINT MEMORIAL

REQUESTING THAT THE FEDERAL GOVERNMENT PROVIDE GREATER FUNDING
AND ASSISTANCE TO THE STATE OF NEW MEXICO TO OFFSET THE
DISPROPORTIONATE FINANCIAL COST OF BEING A BORDER STATE.

WHEREAS, New Mexico is one of only four states that share
a common border with Mexico; and

WHEREAS, federal laws mandate that each state provide
certain services, such as emergency health care and education,
to all persons living in the state, whether they are United
States citizens or not; and

WHEREAS, the cost of these federal mandates is borne in
disproportionate amounts by border states; and

WHEREAS, the cost of providing law enforcement services in
the border regions of New Mexico is increasing due to
immigration issues; and

1 WHEREAS, immigration control and border security are
2 federal issues, the cost of which should be borne by the
3 federal government; and

4 WHEREAS, New Mexico bears a disproportionate financial
5 burden because of its location as a border state;

6 NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATURE OF THE
7 STATE OF NEW MEXICO that the United States congress be urged to
8 provide greater funding to New Mexico to offset the additional
9 demands placed on this state by virtue of its status as a
10 border state; and

11 BE IT FURTHER RESOLVED that copies of this memorial be
12 transmitted to members of the New Mexico congressional
13 delegation.

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HOUSE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO FINANCE; AMENDING THE NEW MEXICO FINANCE AUTHORITY
ACT TO ADD A REQUIREMENT FOR LEGISLATIVE APPROVAL OF LOCAL
TRANSPORTATION INFRASTRUCTURE FUND PROJECTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-21-6.8 NMSA 1978 (being Laws 2005,
Chapter 262, Section 1) is amended to read:

"6-21-6.8. LOCAL TRANSPORTATION INFRASTRUCTURE FUND--
CREATION--PURPOSE--ADMINISTRATION.--

A. The "local transportation infrastructure fund"
is created within the authority. For the purposes of this
section, "fund" means the local transportation infrastructure
fund. The fund shall be administered by the authority as a
separate account, but may consist of subaccounts if the
authority deems them necessary to carry out the purposes of the

1 fund. The authority shall adopt rules in accordance with the
2 New Mexico Finance Authority Act necessary to administer the
3 fund.

4 B. The following shall be deposited directly into
5 the fund:

6 (1) beginning July 1, 2005, one-half of the
7 annual administrative fee received by the authority for issuing
8 state transportation bonds pursuant to Sections 67-3-59.3 and
9 67-3-59.4 NMSA 1978;

10 (2) money from the payment of principal and
11 interest on loans and payments of principal and interest on
12 securities held by the authority for local transportation
13 projects;

14 (3) money appropriated by the legislature to
15 implement the provisions of this section; and

16 (4) other public or private money
17 appropriated, dedicated or allocated to the fund for the
18 purpose of financing local transportation projects.

19 C. For the purposes of this section, "local
20 transportation projects" means local transportation projects of
21 qualified entities ~~[submitted to the authority by the secretary~~
22 ~~of transportation]~~ authorized specifically by law as provided
23 in Subsection F of this section. ~~[The authority may provide~~
24 ~~grants or other funding support to qualified entities' local~~
25 ~~transportation projects pursuant to this section without the~~

1 ~~specific authorization by law for each project otherwise~~
2 ~~required by the New Mexico Finance Authority Act.]~~

3 D. Money in the fund is appropriated to the
4 authority to pay the reasonable and necessary costs of
5 originating and servicing loans, grants or securities funded by
6 the fund and to make loans or grants and to purchase or sell
7 securities to assist qualified entities in financing local
8 transportation projects in accordance with the New Mexico
9 Finance Authority Act.

10 E. The authority may make grants from the fund to
11 qualified entities for local transportation projects when:

12 (1) a grant is not more than twenty-five
13 percent of the total project cost; and

14 (2) a qualified entity demonstrates that it
15 has available or a binding commitment from another person to
16 make available for a project the portion of the total project
17 cost not provided by the grant. The qualified entity may enter
18 into a loan agreement or an agreement to sell the qualified
19 entity's securities with the authority, or the qualified entity
20 may use another source of money available for the project, to
21 provide the costs not covered by the grant.

22 F. ~~[Each May]~~ No later than December 15 of each
23 year, the secretary of transportation, using the department of
24 transportation's metropolitan planning organization and
25 regional planning organization planning process, shall submit a

1 prioritized list of local transportation projects to the
2 authority that the metropolitan planning organizations and
3 regional planning organizations have determined are appropriate
4 for grants or other funding support pursuant to this section.
5 The list of local transportation projects shall be submitted to
6 the legislature for specific authorization by law. The
7 authority shall act on local transportation projects in the
8 priority [~~presented by the secretary of transportation~~]
9 approved by the legislature; provided that the authority, based
10 on the availability of money in the fund, may determine that a
11 qualified entity shall receive a grant or other funding support
12 for a project out of the order of priority it would otherwise
13 have had or that no grant or other funding support be provided
14 for the project. The rules of the authority for administration
15 of the fund may set a maximum amount of grant or other funding
16 support for a local transportation project.

17 G. Money in the local transportation infrastructure
18 fund not needed for immediate disbursement, including money
19 held in reserve, may be deposited with the state treasurer for
20 short-term investment pursuant to Section 6-10-10.1 NMSA 1978
21 or may be invested in direct and general obligations of or
22 obligations fully and unconditionally guaranteed by the United
23 States, obligations issued by agencies of the United States,
24 obligations of this state or any political subdivision of the
25 state, interest-bearing time deposits, commercial paper issued

1 by corporations organized and operating in the United States
2 and rated "prime" quality by a national rating service, other
3 investments permitted by Section 6-10-10 NMSA 1978 or as
4 otherwise provided by the trust indenture or bond resolution,
5 if money is pledged for or secures payment of bonds issued by
6 the authority.

7 H. The authority shall establish fiscal controls
8 and accounting procedures that are sufficient to assure proper
9 accounting for local transportation infrastructure fund
10 payments, disbursements and balances."

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SENATE BILL

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

FOR THE NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS RECEIPTS
FOR RECEIPTS FROM ADMISSIONS TO NONATHLETIC SPECIAL EVENTS AT
CERTAIN POST-SECONDARY EDUCATIONAL INSTITUTIONS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Gross Receipts and
Compensating Tax Act is enacted to read:

"[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--NONATHLETIC
SPECIAL EVENT AT POST-SECONDARY EDUCATIONAL INSTITUTION.--
Receipts received from July 1, 2007 through June 30, 2012 from
admissions to a nonathletic special event held at a venue that
is located on the campus of a post-secondary educational
institution within fifty miles of the New Mexico border and
that accommodates at least ten thousand persons may be deducted
from gross receipts."

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